Migrants and the new stage of public housing reform in China

Zhou, J.

Citation for published version (APA):
MIGRANTS AND THE NEW STAGE OF PUBLIC HOUSING REFORM IN CHINA

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ACADEMISCH PROEFSCHRIFT

ter verkrijging van de graad van doctor
aan de Universiteit van Amsterdam
op gezag van de Rector Magnificus
prof. dr. ir. K.I.J. Maex
ten overstaan van een door het College voor Promoties ingestelde commissie,
in het openbaar te verdedigen in de Agnietenkapel

op dinsdag 26 Juni 2018, te 16:00 uur

door
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geboren te Sichuan, China
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Cover design: Jing Zhou
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This research was funded by the scholarship of the China Scholarship Council (CSC NO: 2011699002), and conducted at the Faculty of Social and Behavioural Sciences of the University of Amsterdam, Urban Geographies.
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Acknowledgements

Pursuing a doctoral research is both painful and enjoyable, accompanied with hardships, frustration, encouragement, excitement, and, above all, so many people’s kind help and encouragement. This thesis would not exist at all without the support and contribution of my supervisors, Prof. Sako Musterd and Prof. Richard Ronald, who at the very outset accepted me as a doctoral student from hundreds of applications. Throughout this long journey, they believed in my research ideas, have always been willing to share their knowledge, and provide guidance and support to my work. They are perfect examples of the researcher with openness of character and spirits of criticism, curiosity and inspiration. Their personalities will always guide me in my future academic career. I am indebted to Sako for always managing to find time out of his busy schedule to provide valuable feedback and support with my writing edits. I will remember those many times that he put his work aside and listened to me with great patience. Being under the supervision of Richard has been a great joy and privilege. He offered many chances to broaden my horizon, whether, among others, teaching for the summer school or organizing the Urban China Annual Seminar. He gave me a helping hand every time I was in trouble. I could not have imagined having better supervisors for my PhD study. These limited words really cannot express my sincerest appreciation and gratitude to Sako and Richard.

My study in the University of Amsterdam was only made possible through a scholarship from the China Scholarship Council, and the further kind financial support from the research group of Urban Geographies. I am also very grateful for all the help from the secretary of the Human Geography, Planning and International Development. I shall try my best to pay back all the investment by means of devoted work to the field.

I would like to extend special thanks to my master supervisor Prof. Yang Qingyuan, the head of the Department of Geography Sciences at Southwest University in China. She inspired me to continue my research career, and has remained very close ever since. She and her family always treat me like a family member, and I’m able to share all my happiness and troubles with her. My heartfelt thanks also go to Prof. Long Hualou from the Chinese Academy of Sciences. I was very fortunate to receive insightful comments on article writing from him in my early days. He always had faith in me, and gave me a great deal of encouragement throughout my research. As well, my sincere gratitude goes to Prof. Wang Cheng, who was my second supervisor for my master study and who remained most supportive to me whenever I needed advice.

I would particularly like to thank Prof. Lv Ping from Renmin University in China, Prof. Zhou Tao from Chongqing University in China, my old schoolmates and friends Weng
Caiyin, Li Guangdong, Zhou Hong, Zhang Yong, Chen Yiwen, Guo Jiahong, and the student assistants, for helping me complete my fieldwork and study trips in Beijing and Chongqing. I am so happy that two of the student assistants later also started their doctoral study abroad.

I am also grateful to my dear colleagues, particularly those from the research group of Urban Geographies and the HOUWEL group, for sharing their profound knowledge as well as helping me throughout with so many practical details. There are so many colleagues and friends, both in China and in Amsterdam, who offered me so much kind help, and made my life pleasant and unforgettable. For this, my sincerest thanks to Rowan Arundel, Oana Druta, Tara Saharan, Liu Yong, Zuo Juan, Sun Zhe, Yang Huishi, Peng DingChang, Zhang Xu, Wu Yi’s family, Dai Guowen, Aslan Zorlu, Cody Hochstenbach, Lia Karsten, Marco Bontje, Fenne Pinkster, Myrte Hoekstra, Annalies Van de Laar-Teernstra.

Finally, to my family, their understanding and love encouraged me to complete this PhD project. I am greatly indebted to my parents and my devoted and supportive husband. 謹以此书献给我的家人和远在天堂的爷爷！

Rome, March 2018
1 Introduction

Since 1958, China has enacted the Household Registration System (hukou) to manage its population and distribute welfare goods to Chinese citizens (Chan & Zhang, 1999). The hukou system classifies each individual Chinese citizen based on their residential origin, defined in terms of “agricultural hukou” or “non-agricultural hukou”. The agricultural hukou is mainly granted to residents of rural areas who live on certain pieces of rural land they own, while non-agricultural hukou is applied to residents of urban areas who are subject to local government redistribution of urban resources. Hukou is inherited. New-borns are granted their first hukou from one of their parents. In principle, it was designed to be persistent and regional-based. In this way, the hukou system has helped the state to limit population migration across cities and between rural and urban areas, protecting the permanent property rights of households with agricultural hukou (Wang, 2000; Zhang et al., 2009). However, in 1978 (with the establishment of the ‘opening-up’ policy), the Chinese government eliminated hukou restrictions on population mobility as it impeded the pace of urbanization by limiting labour force movement into urban areas. From then on, many Chinese people have left their hometowns in rural areas and small towns and moved into cities. The Chinese government refers to its internal migrants as ‘the floating population’ or ‘the migrant population’, including those who move for several reasons, like working, visiting relatives, studying, etc. Academia mostly focuses on migrant households who work in cities, and in the rest of this study I call them migrants. Unfortunately, the reforms only reduced restrictions on population mobility. While migrants have been allowed to move to cities for work, they had to retain their original non-local residence registration. The hukou restriction has continued to prevent them from accessing the same citizenship rights as those granted to local residents. As such, few migrants were allowed to change their hukou status to local urban hukou and settle down in cities permanently. In the early stages of urbanisation in China, when the development of urban infrastructure lagged far behind the growth in urban population and public services fell short of residents’ demands, local authorities had taken the hukou as a means to protect limited urban resources from being spent on the inflow of Chinese people who retain their original hukou outside of their territories (migrants).

The hukou system has drawn a social-economic line between residents with local hukou and migrants (Wang, 2004; Démurger, et al., 2009). Working in cities without the local-hukou, migrants have been treated very differently in terms of their working conditions and access to welfare. Most migrants have been restricted to jobs undesirable to local residents, such as manual labour in factories and in catering, and their incomes have remained
at low levels (Wang, 2004; Wong, 2005). Critically, in terms of access to housing, urban residents usually have been able to obtain accommodation by following one of three core pathways: acquiring commercial housing through the market; participating in affordable housing projects, or renting accommodation either in the private sector or in the form of subsidized rental housing provided by employers (Wang, 2004). Considering the very high price of commercial housing and the limited purchasing capacity of migrants, buying commercial housing in the market has been costly and usually not been a realistic option for migrants. Moreover, most migrants have not been allowed to access subsidized housing as equally as local residents. Consequently, they have become concentrated in low-quality housing. For example, slum housing, “urban villages” (Chengzhongcun) and employer-provided dormitories have become the main types of housing for low income migrants ((Li and Duda, 2010; Song et al., 2008)). As such, several special concepts have become widespread in describing migrant housing: such as “group rentals” (qunzu) and “ant tribe” (yizu) (Huang & Li, 2014), which reflect a group of migrants crowded in private rental housing, giving rise to the metaphor of an ant hill. In short, accessing decent housing has been an ‘elusive dream’ for most migrants; gaining local urban hukou, even if it is a temporary local urban hukou like the blue print hukou, has been the only formal way to enable migrants getting access to local citizenships, including public housing. However, due to strict regulations, this route represented an “impossible dream” for most migrants.

Nevertheless, as the migrant population has become an essential part of the urban labour force, the Chinese government has gradually established reforms. These try to keep a balance between the focus on economic growth and the obligation to improve migrants’ access to urban welfare. However, in contrast with the vast and sharply increasing migrant population, the actual beneficiaries of those reforms have been rare (Huang & Tao, 2015; Logan et al., 2009). Furthermore, the road to eliminating housing inequalities between local residents and migrants has been a challenge, with the guiding ideology shifting among neo-liberalist, productivist and protectivist influences (Lee & Zhu 2006; Wang et al., 2012; Chen et al., 2014). Prior to 2008, during the economic transition, the unfriendly and unequal situations of migrants have been aggravated. In the 2010s, the national state has started to put more efforts in reducing the worsened situation of migrants. Below I provide a brief introduction about the major policy reforms and changes in the context in the past forty years. Insight in that matter is essential for understanding the changing position of migrants regarding access to welfare services, especially housing, in the urban environments where they settle.
**Research Context**

*The worsening of the housing situation of migrants during marketization, decentralisation and rapid urbanisation*

The opening-up policy, in 1978, which shifted China’s economy from a ‘planned’ one to a ‘market oriented’ one, was a turning point in Chinese urban growth (Howell, 1993). In the following three decades, it made China’s economic development impressive, approaching a double-digit annual economic growth rate (National Bureau of Statistics of China, 2009). However, as economic growth has been a central priority, policy transition has significantly suppressed the development of both public housing and the well-being of migrants in cities (Wu, 2001a; Lee, 2000; Ye and Wu, 2008; Yao et al., 2014). Government interests were mostly tied to GDP growth and to the booming of industry. The development of housing has focused on the expansion of the real estate industry, which has even been defined as the pillar industry of China since 2003. Local governments also have had the worries that the provision of public housing would suppress the increase of housing prices and thus decrease local government revenues.

Moreover, since the economic transition, the political and government structure of China has gradually shifted from a highly centralized one to a mixture of both centralization and decentralization, and this has also hindered the development of public housing (Xu, 2011). On the one hand, the Chinese state has withdrawn the national fiscal input in welfare supply and has started moving various responsibilities over policies and practices to local governments, who had to establish their own welfare systems based on their financial strength. For example, the central government has instructed local governments to collect both money and land for the development of public housing. However, on the other hand, the decentralisation of investment and responsibilities has been confronted with the centralisation of the tax system. Since the tax-reform in 1994, the central government has increased its share of taxes to over fifty per cent. Thus, local governments were confronted with a heavy financial burden to carry out local construction, and they had to take land-leasing revenues as the primary extra-budgetary revenues for dealing with the budget shortages. Consequently, local governments have preferred to lease land to for-profit projects, and automatically limited their supply of land for constructing public housing (Wu, 2001; Ye and Wu, 2008). As local governments have had autonomy in deciding on the scale and the target of the local public housing system, the left-over and limited amount of public housing that was built was often realised by state owned enterprises and located at neighbourhoods with poor facilities (Wu 1996; Lee, 2000). Allocation favoured government employees or the very poorest residents, the government carried inescapable responsibilities for (Lee, 2000; Wang et al., 2012; Logan...
et al., 2010). The major housing schemes, like the prioritization of access to existing public housing; the development of affordable housing – such as ownership-oriented public housing - and the establishment of the Chinese housing provident fund, was mainly available for local residents (Logan et al., 2010; Zhao & Bourassa, 2003). Under this strategy, housing difficulties, like shortages in low-cost (public) housing, income based housing inequalities, and poor housing conditions have increased among low-to-middle income households and migrants (Huang & Jiang 2009; Logan et al., 2009).

Since 1978, the increase of urban industry, especially industrialisation in larger urban centres, has not only become the key driver of national economic growth, but also the driver of power and privilege. The accelerated pace of urbanisation and industrialisation, along with the policy of favouring urban growth at the expense of rural areas, has enlarged the rural-urban social-economic gap, and thus, the potential income enhancement has resulted in a high rate of migrant population growth in cities, adding additional difficulties in providing adequate social welfare to migrants (Huang & Li, 2014). Annual salaries in large cities are often around ten times higher than in rural areas (National Bureau of Statistics of China, 2016). Drawn by the prospects of higher income and increased job opportunities, in 2011, the migrant population has increased to over 230 million, sharing 17 per cent of the total population in China (National Population and Family Planning Commission, 2012). Cities have made little effort to suppress the increasing inflow of migrants. Instead, they have continued to relax the hukou barrier to ensure a sufficient inflow of labour force for urban industry development (Chen & Hamori, 2009). However, the old housing and hukou policy was insufficient to solve the housing problem. On the contrary, under these conditions, due to the persistent hukou barrier, more poor housing and informal housing have emerged in the old or suburban areas of cities to accommodate the increasing migrant population. This stimulated increasing social inequality between local residents and migrants, and between advantaged migrants and disadvantaged migrants (Wu, 2004; Zhao, & Bourassa, 2003).

Approaches in early reforms to reduce housing difficulties for migrants

From 2003, some coastal cities of China have started to experience a shortage of migrant labour (Chen & Hamori, 2009; Knight et al, 2011). The Chinese government has gradually recognized migrants’ indispensable contribution to urban economic growth and the day-to-day operation of cities. Meanwhile, problems faced by migrants, unfriendly and unequal situations like housing inequalities and poor housing conditions, have drawn wider concern from the government, social media and academia (Zhang et al., 2009; Wu, 2004). The academy and social media have argued that the government should improve the supply of welfare-goods for migrants instead of simply taking advantage of the inexpensive and extensive labour force
that migrants represent (Wang, 2000; Nielsen et al., 2007). In 2006, migrant housing became one of the key priorities for the Ministry of Urban-Rural development of the People’s Republic of China (The state council of China, 2006). This was the first time that the issue became part of the agenda of the Ministry. To reduce the increasing social contrasts and to stabilize socio-economic development, in 2006, the national government put forth the goal to “build a harmonious society” (Hong, 2010). This policy has been a sign that China's stated focus would change from economic growth to overall societal development. These new ideas have drawn much attention to policy and institutional reforms, and assisted facilitating and protecting “basic housing rights” of all residents, including migrants. In late 2007, the Chinese state concluded that public housing is a necessary vehicle to meet the basic housing needs of low-to-middle income households (The state council of China, 2007), and since that proclamation, in principle, the housing system in China has entered a new era involving a resurgence in public housing provision (Chen et al., 2014).

After over thirty years of marketization and privatization, in the new stage of housing development, since 2008, the state has again turned to public housing as a solution to the emerging problems of the Chinese economy and society. The Chinese state expected that the revival of public housing provision would, on the one hand, cope with the growing shortage of supply of low-cost housing and rising housing difficulties among migrants, and on the other hand, deal with the economy slowing down. In other words, although marketization still plays an important role in guiding urban development, local governments have been forced to favour both urban economic growth and every citizen’s well-being (Wang and Murie, 2011). A new scheme of public housing, the public rental housing scheme (gongzufang), has been advocated by the government since 2008. Public rental housing provided at below market prices, targets both low and low-to-middle income households. It provides decent and inexpensive shelters with a stable lease, and is expected to be supplied on a broad scale. Apart from the public rental housing scheme, the contemporary public housing system also has two types of subsided owner-occupied housing, the price-cape housing (announced in 2006) and economic affordable housing (established in 1998), and one type of subsided rental housing, the low rent housing (launched in 1994 and merged with the public rental housing scheme in 2014) (Zou, 2014). Unfortunately, up to now, only public rental housing has been official available for migrants (Chen et al., 2014).

However, as conflicts in the housing governance structure remained, local governments still lacked political and economic incentives to develop public housing, and thus those policies have typically turned out to be rhetorical in nature. The national fiscal support has remained poor. For example, in 2011, the Chinese state announced to develop 10 million units of public housing, which required an input of 1.3 trillion Yuan; however, the national input
only budgeted 0.103 trillion Yuan (Xinhua Net, 2011). With limited fiscal support, local governments, especially those of larger cities, have responded negatively to national imperatives (The National People's Congress of China, 2009). As the value of urban land and the land needs for profitable projects have increased sharply in the late 2000s, large cities, especially those whose economic growth relies heavily on land finance, have been more cautious about spending resources and using land for constructing public housing. Regarding regulations on housing access, relevant reforms, such as relaxing hukou restrictions and providing housing subsidies for migrants, have been highly variegated and have mainly served the urban industry needs rather than social stability (The National People's Congress of China, 2009). For instance, industrializing cities have mainly supplied public housing to manual migrant workers, aiming to stimulate industrial development, often with special dormitories that have been built to accommodate migrants working for big companies. Post-industrial cities, aiming to promote a more knowledge-based economy, on the other hand, have primarily offered public housing to well-educated affluent and professional migrants. Thus migrants who have gained assistance in accessing housing have normally been the ones that best fit the market’s needs, i.e. “desirable migrants” (Mak et al., 2007; Yao et al., 2014). The early housing reforms that promoted the mitigation of housing difficulties for migrants have, in such cases, actually been a way to promote goals related to economic development (Huang and Jiang 2009).

In general, scholars agree that early housing reforms, before 2014, have had some positive impact on expanding housing construction and improving housing conditions for urban residents. However, there still seems a long way to go before migrants can access public housing equally (Hui et al., 2014; Li & Zhang, 2011). In recent years, research has begun to recognise that changes in the context, including the demographic diversity of the migrant population, the establishment of the New Urbanisation Plan, and the emergence of the first case in which the national ideas on both public housing and migrants have been intensively implemented (the city of Chongqing), have had important influence on housing development and life trajectories of migrants in urban China (Huang & Tao, 2015; Chen et al, 2014). Below, I will elaborate on these changes.

Diversity among the migrant population

As China continued to promote the path of urbanisation, the above-mentioned negative welfare conditions have never discouraged migrants from flowing into cities. In 2011, the urban population increased to over fifty per cent of the total population (National Population and Family Planning Commission, 2012). In recent years, there has been an increasing variation in the statuses of migrants, which has created obvious within-migrant-group
Early research has mostly identified migrants as non-local *hukou* holders and ‘second-tier citizens’ who are young and single, have low education levels, low wages and inferior occupations, and show high levels of residential mobility (Song, et al., 2008; Kuang & Liu 2012). They mainly move into cities for jobs, and have very little sense of belonging to the city. Their housing choices are characterised by the fact they are ineligible to access public housing, and unable to purchase commercial housing or afford the high rents of private housing. They therefore concentrate in informal housing and/or employer provided dormitories, group renting. They hardly invest in improving housing conditions (Huang & Tao, 2015). They have little chance to settle in their destination cities (Zhu & Chen, 2010).

In recent years, however, a group of new migrants has gradually begun to dominate the migrant population (Cui et al., 2015; Li, 2010). ‘New’ here is a phrase that contrasts with earlier research understandings of migrants. In 2011, over half of the migrants in cities were migrants born after 1980 (National Population and Family Planning Commission, 2012). Instead of following typical occupational pathways among migrant workers, such as construction workers and servers in restaurants, some migrants have successfully started their own businesses as entrepreneurs after several years of adaption to city life (Li, 2010; Cao et al., 2015). Others with higher-level (above college) education have moved away from traditional agricultural areas and are well integrated into city life as local residents. These highly educated migrants are typically born after 1980s, and have no farming experiences in their childhood. These ‘new’ migrants frequently express a strong desire to stay in cities, and are more likely to use their household resources to negotiate different pathways into the housing market (Cui et al, 2015; Zhao et al., 2018). They should be considered as ‘prospective urbanites’ rather than as a ‘floating population’ – a term coined to specify the floating status of traditional migrants in the past (Cao et al., 2015; Zhao et al., 2018).

Academia and social media has divided new migrants into four major groups: labour migrants, intellectual migrants, entrepreneurial migrants, policy migrants (Li, 2010). The first refers to migrants who do simple manual jobs, such as factory workers and restaurant servers; the second refers to migrants who hold at least a university degree or a college education; the third refers to migrants who have already accumulated their financial assets to open workshops, such as small businesses and private companies; the fourth refers to migrants whose move to the city has been facilitated by government policy interventions in land and housing. As the last group normally obtains their homes through non-market channels, research has only focused on the former three groups, which represent migrants that are labour-intensive, knowledge-intensive and asset-intensive.
The increasing variety of migrant profiles has had obvious impacts on housing access. For some migrant categories, housing has been more affordable and thus accessible than for others. This has resulted in different experiences of social integration among migrants in urban China (Li, 2010; Cui et al., 2015). This has brought new challenges to the local housing system and raised questions on how to meet the diversified housing needs of migrants and whether they should/could be encouraged to settle in cities? These questions have become timely topics for both governments and academia.

Promoting the PRH policy and the New Urbanisation Plan

To cope with the increasing social problems among migrants and to deal with the poor implementation of the public rental housing policies, since 2011, the national government has gradually linked practices in developing PRH to the evaluation of local governments’ political achievements (The state council of China, 2011). The state has determined to eliminate the housing difficulties for migrants by greatly expanding the provision of public rental housing and relaxing the hukou-related PRH distribution system (Wang and Murie, 2011).

The turning point for policies on migrants has been the announcement of the “New Urbanization Plan” in March 2014 (Kim, 2015; Li et al., 2016). The “New Urbanization Plan” established a series of policies to redefine the urbanization policy, transferring the Chinese economy from the current infrastructure investment-based one to a consumption-based one. Regardless of the human factors, it counters the decline of export and the slowing growth of the domestic economy. It considers migrants as an important engine for stimulating the domestic consumption. The logic was that if migrants could change their hukou and become urban citizens permanently, they would spend more on housing and other goods in cities, which would increase the domestic demand. Therefore, a major part of the “New Urbanization Plan” involves encouraging migrants to integrate and even settle in cities. However, changing the registration place and status of a hukou registration is a complex trade-off and a rigorous procedure, especially when the hukou transfer is from an agricultural hukou to a non-agricultural hukou. It involves giving up the long-term (almost lifelong) socio-economic rights tied to the original rural areas within certain years and getting access to the socio-economic rights typically awarded in destination cities (Li et al., 2016; Kim, 2015). “New Urbanization Plan” reforms have gradually ensured that migrants gain more benefits from both the destination urban areas and their rural hometown, but have made it more complicated for migrants to make a decision on their final settlement.

On the one hand, the “New Urbanization Plan” continued to reduce the hukou restriction and claimed that migrants should be eligible to access basic public services that are provided to local residents. To increase migrants’ confidence to move into cities, the state decided to
further extend the coverage of basic urban public services, especially access to public rental housing. On the other hand, the “New Urbanization Plan” established a series of policies to improve the rural-urban land market and to protect the property right of rural residents (Lang, et al., 2016). The land management system in China did not authorize rural residents a clear right to their land. In other words, although, in principle, land belongs to each household, it is collectively owned by village committees. Under this specific ownership structure, compensation from the land that rural households usually received was always smaller than they were supposed to share. The “New Urbanization Plan” aims to make farmers’ rights very clear, and thus, farmers become shareholders of the businesses on their land and can receive reasonable money from their land (The state council of China, 2014). In recent years, especially in more developed regions, the value of, and income from rural land has become more consistent and significant, and thus, rural–urban migrants appeared to have increasing interests in maintaining their rural assets (Hao & Tang, 2015).

The state planned to make some 100 million migrants urban residents by 2020 (The state council of China, 2014). Moreover, if successful, the rural land collected from these 100 million migrants could be important to financing further urban development. Moreover, to enforce the national objectives on expanding public rental housing provision more efficiently, the “New Urbanization Plan” limits the responsibilities to the government bodies above the county and township levels. This regulation would make the distribution of responsibilities more clear at provincial and municipal level and ensure an efficiently supply of both land and money for developing public rental housing.

The emergence of the Chongqing programme
Although the Chongqing programme was established before the announcement of the “New Urbanization Plan”, it created a palpable example of the national governments’ ideas for developing public rental housing and improving housing conditions for migrants. Moreover, policies and reforms for ensuring the implementation of the Chongqing programme shared some similarities with those of the “New Urbanization Plan” (Lafarguette & Jayaram, 2011). Therefore, findings on the Chongqing programme represent an important and timely reference to the possible policy implications of the “New Urbanization Plan” in China.

Although the national input for constructing public rental housing was also limited in Chongqing (around 10 per cent of total investment), unlike other cities, which resisted the national requirement, local authorities of Chongqing have shown to be very motivated in developing public rental housing (Chongqing Morning Post, 2011). The programme planned to meet the housing demands of around two million low-to-middle income residents. The average space allowance was 15 to 20 square meters per person, and rents were 10 to 12 yuan
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(less than two Euros) per square meter per month, equivalent to 60 per cent of the market price nearby. In 2011, the public rental housing being constructed in Chongqing was equivalent to 10 per cent of the total output of the whole country (Chongqing Municipal Commission, 2011). By 2013, Chongqing had realized the largest supply of public rental housing in China, and its mode of provision has been subsequently applied in other cities on a smaller scale (People, 2013). By 2015, the municipality had built nearly 45 million square meters of public rental housing, nearly 700 thousand units, more than the target set in 2010 (China Youth Daily, 2016). Moreover, the public rental housing programme is ultimately ownership-oriented. The government has developed an initiative which means that after five-years of renting, eligible sitting tenants are able to buy their units from the providers at cost prices. However, if buyers of public rental housing later choose to buy housing from the market, they will be required to sell their housing back to the provider (Xinhua net, 2011). In reality, the government has delayed realizing the sale of public rental housing, and as of the end of 2017, no regulation has been announced so far.

Unlike public rental housing in other cities, the Chongqing programme allows all migrants to apply for public rental housing with equal status to local residents. The government has reduced the hukou barrier, and stated that migrant applicants only need to be over 18 years old, hold stable employment and have participated in the pension system for over six months (The land and housing management bureau of Chongqing, 2011). The municipality of Chongqing also implemented similar strategies as used in the "New Urbanization Plan" to ensure the running of the public rental housing programme. For instance, the task of public rental housing construction was not delegated to lower level governments (the districts), but was carried out by two state-owned enterprises under the direct control of the municipality. Furthermore, the municipality also announced relevant reforms on the land market to ensure that intra-provincial rural-urban migrants get considerable compensation if they give up their rural rights in exchange for local urban hukou. It even provided free job training assistance for local urban migrants (Huang, 2010). Moreover, the municipality also announced relevant reforms on the land market to ensure that intra-provincial rural-urban migrants get considerable compensation if they give up their rural rights in exchange for local urban hukou. It even provided free job training assistance for local urban migrants (Huang, 2010).
Introduction 1

The Knowledge Gaps and Motivations of the Thesis

Since the opening-up policy, migrants have brought about significant social changes and differentiation in the urban society of China, and their difficulties in accessing housing have been recognised by researchers around the world (Démurger, et al., 2009; Huang & Jiang, 2009; Wang, 2000). Previous research has mainly focused on the increasing importance of the market in housing provision, the rise of homeownership and the boom of commercial housing, the shortage of public housing provision, housing inequality between migrants and local residents, etc. (Huang, & Tao, 2015; Wang and Murie, 1999; Lee, & Zhu, 2006; Lee, 2000). However, despite the links between housing systems and welfare practices identified in other societies (e.g. Hoekstra, 2003), understanding of the housing system in China has rarely been elaborated on at more global level, especially not in relation to the welfare regime theories provided by Esping-Andersen (1990, 1999) and Holliday (2000). Recent research, nonetheless, has raised interest in placing the welfare system of China within a more global welfare regime classification (Hudson et al., 2014). Thus, one of the motivations of the thesis is to advance regime classification as a basis for interpreting variations in China’s housing system across different stages of economic growth.

Another motivation is to address recent changes in housing policy and governance. Most research so far has been done before recent critical changes in context, especially before the “New Urbanization Plan”. Given the fact that both the national reforms and local implementations of public housing development policies are recent phenomena, empirical research on the new relationship between migrants and their access to public housing is still scarce. Knowledge of what roles the recent push for public rental housing has played in increasing economic growth, promoting urbanisation and industrialisation, and maintaining social stability in China has thus been very limited (Wang and Murie, 2011). Although a few studies have examined local experiments on providing certain migrants the opportunity to enjoy equal housing rights, they have mainly focused on small-scale public housing supply (Chen & Liu, 2016; Liu et al., 2016). Unlike in other cities, in Chongqing, local autonomy in public housing provision has been highly consistent with both the national housing policy and objectives of the local economy. However, experiences in Chongqing have hardly been explored (Gan et al., 2016). The theoretical challenges are to connect the vast and important system-changes related to neo-liberalisation and decentralisation in housing governance, urbanisation and citizenship provision to the recent housing policy in China, especially the expansion of the provision of public rental housing, and to explore the role that public housing policy has played in sustaining both economic and social development in urban China.
Furthermore, due to lack of empirical data, there has been a lack of research on how the new context, including the diversified migrant population, the promoting of *hukou* reform and the revival of public rental housing provision, has influenced housing and life trajectories of migrants in urban China. This thesis also addresses this knowledge gap. The motivation is to provide important insights into, first, migrant households’ attitudes towards, and experiences of accessing public rental housing, and, second, their approaches to settling in the city permanently in relation to the emerging urban context. The thesis examines how changes in the institutional context, especially the elimination of *hukou* barriers and the attainment of equal access to public rental housing, have influenced the housing choice of migrants in urban China. Moreover, under the relaxed and friendlier regulations, barriers for more disadvantaged migrants in getting access to public rental housing or for being able to settle in cities permanently have been reduced. Theories of stated and revealed preference are applied to study the preference for accessing public rental housing and the preference for permanent urban settlement among migrants in connection to these reforms. The thesis explores the impacts that the new versions of the relaxed *hukou* system and inclusive public rental housing policy have had on providing equities to migrants with different social-economic status and thus sustain economic and social development in Chinese cities. Below I explain the research objectives and questions.

**Research Objectives and Questions**

The main aim of this research is to understand the new approaches of China in expanding its supply of public rental housing and reducing *hukou* barriers to public rental housing that aim to assist migrants to stay longer or even settle in cities. These related reforms together represent one of the core strategies developed by China since the late-2000s to build a more inclusive society for migrants and stimulate an increasingly sluggish urban economy. The geographic focus of the study is the municipality of Chongqing which first expanded the provision of public rental housing at a broad scale and reduced its *hukou* restriction to allow migrants to access public rental housing with equal status to local residents. To achieve the main objective, I developed four research questions (Figure 1.1). The research started by examining the development of public housing in China based on the dynamic Chinese welfare state framework (research question 1). This part of the research helps us to draw a fuller picture of the housing system in China. The rest of the thesis zooms in on the city of Chongqing as a more specific and insightful case.

Research question 2 examines how the public rental housing programme has been established and promoted by the local authorities in Chongqing. The analysis uses the theory
of housing provision structure, and is linked to the structural changes in China, including decentralisation, the changing welfare regime, processes of neo-liberalisation, and the relaxation of the hukou system. The thesis then moves to a more in-depth study on how migrants have responded to the new context in terms of the stated and revealed preference they have for applying for public rental housing (research question 3). The last part of the analysis then focuses on how policy reforms in housing and hukou have influenced the preference for permanent urban settlement among migrants (research question 4). It compares the influence of institutional factors before and after the policy transition.

![Figure 1.1 Thesis structure design](image)

The first question considers the public housing system in China from a broader perspective. It links variations of the housing system to different models of the welfare state (figure 1.2). The results connects to recent debates on whether the new stage of public housing development in China represents a step towards a more socialized approach (Stephens, 2010). This part applies the four welfare regime types established by Esping-Andersen (1990) and Holliday (2000) to examine and classify the past and present stages of the Chinese housing system, focusing on variations in, and recent implementations of public rental housing provision in both Chongqing and Beijing. Beijing is selected as a case for contrast, as it represents a significant case of a city that carried out extremely strict policies and applied poor practices in providing public rental housing to migrants. I put forward the idea that the development of the public housing system in China, from a social-democratic or socialist welfare regime to a more market orientated one, features or reflects elements of both Western and Eastern welfare regime constellations, shifting among social-democratic, corporatist, liberal and productivist regime influences. Moreover, China is not as unique as has been often theorised, as globalisation and marketization have affected every sphere of China, including its public housing system. The Chinese government has continued to adjust strategies for developing public housing in line with goals on social protection and social investment. The current housing system in China should be understood
as a hybrid one, with two sub-systems, a local citizenship-based system and a migrant-based system. The former is developed for providing universal social welfare for local-residents, and is very much more similar to the universalistic system that Esping-Andersen proposed. The latter targets migrants and appears closer to the logic of the productivist welfare regime, with the provision of public rental housing subordinate to objectives of economic growth.

Figure 1.2 Welfare regime framework and its corresponding criteria in housing system

The second research question focuses on the public rental housing programme in Chongqing, the first experimental case of implementation of the new national policy. In this part, the thesis provides a detailed description on how the programme emerged and has been shaped under the current market-oriented housing system conditions and the decentralized public housing provision scheme, which has otherwise suppressed the construction of public rental housing (figure 1.3). The analysis focuses on the roles that different participants/actors have played in promoting public rental housing construction in Chongqing and provides an extensive discussion on how far the programme can go, and whether it can be copied by other cities. From the perspectives of neo-liberalisation and decentralisation, it examines the re-organised relationship between local government, state-owned-enterprises and private sector actors, and evaluates four key preconditions for the realisation of Chongqing's public rental housing programme: the specific political conditions, the strong political and economic incentives of municipal officials, the powerful capacities of state-owned-enterprises, and the distinctively large stock of land for raising funds. The Chongqing programme provides an example that suggests that local governments in China may choose to strengthen their control over the market to enable greater cooperation between governmental and market actors in realizing a large supply of public rental housing.
With the third research question, the study moves the focus to the micro-level. Question 3 addresses the relationship between migrants and their process of accessing public rental housing. The data for this research come from a retrospective survey conducted at the very early stage of the hukou and public rental housing reforms, between 2010 and 2013, with 546 migrant households, and from the application and distribution data downloaded from the website of the Public Rental Housing Management Bureau, between 2013 and 2016. I investigated factors related to the stated preference for public rental housing; factor related to the real action undertaken to put the preference into practice; and factors related to the intensity of the efforts undertaken to realize the preference (that is: through ongoing application for public rental housing). Factors include understanding of policy, housing related factors, housing related factors and the demographic situation, socio-economic stages and migration strategies of migrants. The analysis answers a series of questions: whether there is a gap between migrants’ stated preference for public rental housing and their revealed preference, as expressed through actual behaviour to apply for public rental housing; between those who applied one-to-three time and those who continued to apply for public rental housing for between 4-11 times; whether the public rental housing policy and the provision of public rental housing matches migrants’ preferences.

The fourth research question extends the third question by asking how the establishment of the public rental housing programme and the hukou reforms have influenced the preference for permanent urban settlement among migrants in Chongqing city. First, the study is especially interested in how the institutional and socio-economic factors are related to the preference for permanent urban settlement before and after the policy transition. It is hypothesised that the relaxed hukou and housing policy have encouraged disadvantaged migrants to state a preference for settling in cities. Moreover, the superiority of socio-economically advantaged migrants in stating a preference for permanent urban settlement has been restrained since the reforms. Second, the study tests whether migrants
who have accessed public housing are more likely to make a plan to realize their preference for permanent urban settlement. The answer to the hypothetical question is expected to be affirmative.

**Why the City of Chongqing?**

I selected the city of Chongqing as the research area. The territory of the whole city (82400 km²) is governed at the provincial level in China, and with a vast rural area (over 98 per cent), its urbanisation rate was only 61 per cent in 2015 (Chongqing Municipal Bureau of Statistics, 2016). However, the urbanisation rate of its centre, the nine core districts, which is 6.6% of the total territory (see figure 1.4), has been 88 per cent in 2015 (Chongqing Municipal Bureau of Statistics, 2016). Therefore, in order to make our micro-level analysis more comparable with other big Chinese cities, in terms of urbanisation rate, population structure and economic development, the survey was only conducted in the central metropolitan area of Chongqing. The nine core districts are Yuzhong, Shapingba, Jiu longpo, Yubei, Jiangbei, Beibei, Banan, Da duko. Since 1997, the rapid urbanisation and industrialisation has been concentrated in this area. In chapters 4 and 5, I call this area ‘Chongqing city’.

![Figure 1.4 the city of Chongqing](image-url)

Chongqing was selected for several reasons. First, among all cities, the municipality of Chongqing has carried out the first and most extensive policies to date aimed at supplying public rental housing in China. Meanwhile, it is also the first city which has extensively
eliminated *hukou* barriers to public rental housing for migrants. By 2015, over 60 per cent of the public rental housing units have been occupied by migrants (China Youth Daily, 2016). Thus, Chongqing represents a unique opportunity and provides timely data for answering our research questions.

Second, Chongqing represents a broad group of recently developed second-tier cities in which marketization has had a profound effect upon their urbanization and industrialization, and where the inflow of migrants has taken a high share of their labour markets. These cities have become the target of the “New Urbanization Plan”, and have been required to provide equal rights for their migrant populations. Therefore, these cities have a common task to bridge the urban-rural economic gap and to eliminate the local-migrant inequalities in sustaining the healthy development of their economy. Taking Chongqing as an example, from 1998 to 2013 its urbanization rate grew from 32 per cent to over 62 per cent, with its GDP climbing from around 143 billion yuan to about 1266 billion yuan (Chongqing Municipal Bureau of Statistics, 2016). In 2015, its population had grown to over 30 million (Chongqing Municipal Bureau of Statistics, 2016). Manufacturing, especially in the IT sectors, has boosted its economic growth, making it an attractive spot for lower-cost labour (migrants) from the vast, less developed districts of the Chongqing region and from other cities. By 2013, over 230 companies from the Fortune Global 500 had a presence in Chongqing (Chongqing News, 2013). Meanwhile, since 2012, it has become one of the fastest growing cities in China with an annual growth of GDP reaching over 10% (Xinhua Net, 2016).

A large number of migrants have been attracted to the industry of Chongqing city, mainly surplus labour from the vast rural areas of Chongqing and intra-provincial rural-urban migrants. In 2013, of the nearly 30 million Chongqing inhabitants, over eight million lived in the Chongqing city area, with nearly 40% of them being migrants (Chongqing Municipal Bureau of Statistics, 2014). Meanwhile, during this rapid urban development, the migrant population in Chongqing has been diversified, as elsewhere in China (Li, 2010). More specifically, there has been an emergence of skilled and affluent migrants. From 2000 to 2010, the share of migrants with college or university degrees has nearly tripled (from 9% to 24%). Next to the traditional younger cohort (around 20-30 years old), a group of older migrants (30-40 years old) has also featured among the migrant population.

Of course, Chongqing is also unique in terms of its political background for carrying out such an innovative project. Since 1997, Chongqing municipality has been under the direct control of the national government, and a lot of privileges have been given to it to ensure a rapid economic growth. In the Chinese 12th Five Year Plan (2011-2015), Chongqing was outlined as the manufacturing base and service industry centre of China, and the major
economic growth point, the transportation centre, and the industrial powerhouse for the vast western part of China. Meanwhile, Chongqing has received certain autonomy, and preferential policies to establish experimental reforms for achieving an inclusive society. Since 2007, Chongqing and Chengdu were selected as pilot cities to experiment with ways to break the rural-urban hukou gap, and provide equal rights to migrants. In 2008, the arrival of Mr Bo Xilai as the mayor of Chongqing, implied a more radical shift, enabling the Chongqing programme and the hukou reforms (Miller, 2012). As one of the most competitive politicians in China, Bo initiated several campaigns, called the mingshen programme, to eliminate social inequalities and improve people’s livelihoods. There were also political motivations in that initiating these reforms helped him to gain higher political status. The public rental housing programme became one of Bo’s key campaigns. Thus, while other local authorities were still lacking incentives to invest in public housing, Chongqing has greatly improved funding for, and relaxed regulations on hukou and public rental housing between 2010 and 2013.

All in all, the public rental housing programme, the features of migrant population, its urban development status and the administrative context of Chongqing, all made it the most suitable and perhaps most provocative case for understanding the new stage of public housing development in China. However, understanding of recent transformations in Chongqing is still not well developed. Although Chongqing belongs to the four municipalities directly under control of the central government, the capital city of Beijing and coastal open metropolitan regions like Shanghai and Guangzhou have drawn wider attention among scholars (Li 2010). These cities have, also, always held tough policies on migrant access to public housing. Therefore, the study focus on Chongqing is highly important for learning from the first experiences in the new stage of housing development in China.

Data and Methodology

To address the research questions, the thesis integrates several theoretical perspectives related to decentralization, neo-liberalization and housing preferences (stated and revealed). The whole research uses two types of data, secondary statistical data for the qualitative studies in chapters 2 and 3 and survey data and website released individual data for the quantitative studies in chapters 4 and 5.

Chapter 2 applies the welfare regime framework to examine recent changes in the housing system, drawing on contrasting examples from two Chinese cities: Beijing and Chongqing. Esping-Andersen’s ‘Three Worlds of Welfare Capitalism’ (1990, 1999) has provided a powerful and commonly used framework for comparative welfare state analysis. Building on this, Holliday (2000) introduced a fourth one, the ‘productivist’ welfare regime,
which has become dominant in explaining social policy and welfare system in the East Asian economies (Aspalter, 2006; Castles et al., 2012). Hoekstra (2003) developed a framework to link housing systems to welfare regimes, and this chapter applies his framework to classify the stages of housing system development in China.

Chapter 3 applies the theories related to decentralization and neo-liberalization to examine the governing structure of the public rental housing programme in Chongqing, the roles of market, state, state-owned enterprises and private sectors (figure 1.3). Neo-liberalization generally features a market-driven approach which increases market reliance and maximizes the private sector’s function in socio-economic development (Harvey, 2005; Wu, 2010). In 1978, Dengxiaoping created a concept of “socialism with Chinese characteristics”, which introduced the market to economic development for achieving Chinese socialist goals. Some research thus describes the process of neo-liberalization in China’s socialist society as the “neo-liberalisation with Chinese characteristics” (Wu, 2010). This reflects both the inflation of market involvement and the maintenance of government regulatory controls. In regard to the intensively developed public rental housing programme, the authorities of Chongqing enabled an innovative application of the ideas of decentralization and neo-liberalization, and it reveals how the market and public sector could serve the welfare objectives of local authorities as well as private businesses. The municipality has made use of their local power and autonomy to deliver welfare services, based on their control of the state assets, state-owned housing developers, and banks (Lee, 2000; Wu & Webster, 2010).

Chapters 4 and 5 are based on survey data collected in Chongqing. Respondents comprised of migrants who have stayed in Chongqing city for at least half a year but did not have a local hukou. I performed a stratified random sample, and collected representative data from migrants in Chongqing city. In total, 605 survey questionnaires were conducted, and 546 valid responses were obtained. The response rate exceeded 80 per cent; those who declined participation in the survey mostly mentioned ‘lack of time’ as the reason for not participating.

Chapter 4 examines the stated and revealed preference for applying for PRH among migrants. Therefore, life course theory and the theory of stated and revealed preference are applied in the analysis. To examine the discrepancy between stated preferences and actual moves, we asked respondents to look back on their socio-economic status, housing experiences, housing trajectory, and their settlement plan over time. The ‘recall error’ is expected to be small because the retrospect period is only three years, between 2010 and 2012. Government leased household level data about the application and distribution of public rental housing between 2013 and 2016 is also used to further investigate the eagerness of migrants to obtain public rental housing.
Chapter 5 examines how the two main institutional barriers to permanent urban settlement – the *hukou* differentiation and access to public rental housing – relate to migrants’ stated preference for permanent urban settlement before and after the policy transition. Binary regression analysis is used to model the relationships. Control variables include demographic factors, socio-economic factors, circumstances of migration, housing experience, etc. The institutional factors indicate options that are available for migrants to obtain permanent urban settlement, and the control variables mainly reflect the needs and capabilities of a migrant household to state a preference for permanent urban settlement.

**Thesis outline**

This thesis consists of six chapters. Chapter one, this chapter, introduced the research context, research questions, theory and methods, the study area, data and methodology. Chapter two to five are based on papers that were published or submitted to peer-reviewed journals, and each chapter corresponds to the above-mentioned research questions respectively, with a split – as referred to above – between chapters 2 and 3 on the one hand, where macro-level analyses based on documents and statistical material prevail; and chapters 4 and 5 on the other, where micro-level analyses based on a survey of individual households prevail. The papers may have some overlapping descriptions about the study area and data. Last, the thesis ends with a conclusion, where it returns to the research questions and elaborates on the theoretical and policy implications of the whole research.

**Note**

1. This refers to a unique phenomenon which formed part of China’s urbanization efforts. Through the process of urban sprawl, rural villages formerly located in the suburb were surrounded by urban development. These villages became the main places of settlement for low-to-middle income urban citizens.

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Migrants and the New Stage of Public Housing Reform in China


26
2 Housing and Welfare Regimes: Examining the Changing Role of Public Housing in China

ABSTRACT Following decades of deep marketization, Chinese housing policy has recently revived public housing provision, stimulating debate over whether China is moving towards a more socialized approach to housing. While such a move represents a remarkable shift in the role of housing as a welfare good or service, little research has considered recent developments in housing from a welfare regime perspective. Indeed, while the salience of housing systems to welfare regimes has been widely recognized in comparative research, this link has rarely been explored in the case of China. This paper applies a welfare regime framework to the historical development of Chinese housing system, and specifically, to empirically examine recent transformations in the housing system through contrasting examples from two Chinese cities: Beijing and Chongqing. The analysis indicates the emergence of a hybrid housing system combining socialist, social-democratic and productivist elements, focused on the chimeric needs of urban populations that are balanced between indigenous city residents and urban migrants.

KEY WORDS: Welfare regimes, Productivism, Public rental housing (PRH), Housing system, China

Introduction

Esping-Andersen’s “Worlds of Welfare Capitalism” (1990, 1999) has provided a powerful framework for comparative welfare state analysis. Building on this, Holliday (2000) introduced a fourth “productivist” welfare regime, which has subsequently become dominant in explanations of social policy and welfare system development in the more recently industrialized East Asian economies (see Aspalter 2006; Choi 2012; Peng and Wong 2010). Despite the pre-eminence of China in this region, it has, nonetheless, largely been neglected in comparative analyses. This omission may in large part derive from China’s late arrival and
particular manifestation as an industrialized welfare regime in Asia. Nonetheless, over the last few decades, Chinese socio-economic development has adopted – under an authoritarian communist political regime – features common to East Asian capitalist states. There has thus been a growing interest in placing China’s welfare system within a more global welfare regime classification (Hudson, Kühner, and Yang 2014). Moreover, housing policy has taken on a particular importance in realignment, reflecting both distinguishing features of Chinese urban and industrial development, and common aspects of productivist and other welfare regime types (Doling 1999; Doling and Ronald 2014).

Indeed, while the position of housing in policy was undeveloped in Esping-Andersen’s original theory, and incidental in Holliday’s conceptualization, researchers have increasingly considered state approaches to housing as a welfare regime pillar (Barlow and Duncan 1994; Castles and Ferrera 1996; Groves, Murie, and Watson 2007; Harloe 1995; Hoekstra 2003; Hulse 2003; Kemeny 2001; Ronald and Kyung 2013). This paper thus takes housing as a focus for understanding broader shifts in Chinese welfare capitalism. Through applying a framework which links housing systems to welfare regimes, we assert that China is not so unique, with the Communist Party adopting an approach to both market and social policy reforms reminiscent of other capitalist welfare regimes. A specific objective then is to advance regime classification as a basis for understanding China’s emerging housing system.

In the period of market-oriented industrialization, the Chinese government has tried to reshape patterns of housing provision to sustain rapid urban growth and economic expansion. For decades, local governments were reluctant to implement public housing programmes, leaving the vast majority of local residents, especially migrants, unprotected (Wu and Webster 2010). The vulnerability of migrants has been highlighted since the recent global financial crisis, with unemployment becoming more concentrated in context of limited social security support. As such, in 2008, the Communist Party set out a core objective to achieve a “Harmonious society”, by targeting housing policy and establishing housing as a fundamental human right. Since then, there has been resurgence in public housing provision, albeit with considerable unevenness across cities and provinces. Early analyses have focused on empirical descriptions of recent changes in housing policy and supply (see Chen, Yang, and Wang 2014; Wang and Murie 2011). However, few studies have approached recent housing reforms in China from the perspective of an emerging welfare regime, despite the links identified in other societies. This issue is specifically redressed in this article.

In light of the absence of China from broader discussions, this paper seeks to connect the four welfare regime types to past and present transformations in the Chinese housing system, focusing on variations in, and recent implementations of public rental housing (PRH) provision. Essentially, from establishing a theoretical basis, we go on to apply it. This is done
in the first half of the paper by examining different stages in the development of housing and welfare from 1949 to the contemporary period. In the second half we apply the framework comparatively, focusing on key differences in two of the largest metropolises to illustrate important variegation within the political unity of China. Indeed, cities are a critical scale for understanding housing systems and welfare arrangements, and this paper, in contrast to the domination of country level studies, advances this analytical focus.

The paper proceeds in a number of subsequent parts. The following section addresses relationships between housing systems and welfare regimes, developing a framework for understanding how housing is differentiated in different regime contexts. Section 3 then approaches Chinese housing system reforms before 2008 in terms of three stages, applying our framework to the interpretation of housing policy changes at each stage. Based on the same framework, Section 4 explores contemporary housing in China, and in particular the revival of mass PRH, by comparing distinct processes at work in two cities: Beijing and Chongqing. Section 5 then explains divergence between Beijing and Chongqing housing systems from three perspectives: economic growth, demographic changes and institutional structures. The final section considers how our empirical findings and analysis of China contributes to theoretical debates on welfare capitalism and housing systems, as well as to a broader understanding of how housing in China is responding to social, economic and political realignments.

**Ideal Types of Welfare Regimes and Housing Systems**

The welfare regime literature has largely preoccupied itself with the three criteria by which Esping-Andersen (1990, 1999) originally differentiated welfare regimes: de-commodification, stratification and the market-state-family relationships. Based on these, three ideal-typical welfare state regimes – associated with societies in North America and Western Europe – can be identified: social-democratic, conservative and liberal. To sum up, in social-democratic welfare states, universal social rights are given to a large proportion of the population based on citizenship, with the state dominating provision. The regime is thus highly de-commodified with low stratification. The market is often crowded out and the cost of raising a family is also socialized. In conservative welfare states meanwhile, the distribution of social rights is often based on class and status, consolidating divisions among wage earners. Social policies characteristically maintain social differentiation with individual welfare conditions modified by non-state providers: faith-based communities, trade unions, kinship networks, etc. Conservative regimes thus ensure both a measure of de-commodification and a high level of stratification. It is often shaped by the church and committed to the traditional role of family.
Thirdly, in liberal welfare states, governments usually ensure limited well-being for the very poor, providing some welfare services based on means testing. The policy regime typically seeks to maximize the function of the market while minimizing the state’s involvement. There is thus a low degree of de-commodification and high levels of stratification.

Debates on welfare regimes have increasingly become more considered and diversified as they have been applied to a wider range of societies. A particularly early criticism was the neglect of Southern European (or Mediterranean), approaches to welfare that are dominated by family provision. Latin America has also provided an illustrative case of welfare regime variation with system features that ensure both low-level de-commodification and high-level stratification, with the family again playing a critical role (Gough and Wood 2004). South Africa, meanwhile, has also been considered a hybrid system with features of social democratic, corporatist and liberal welfare state ideologies, shaping a particular approach to housing (Venter et al. 2015).

In light of variations, Holliday (2000), Holliday and Paul (2003) extended Esping-Andersen’s typology to the welfare arrangements of five East Asian welfare states, Hong Kong, Japan, Singapore, South Korea and Taiwan. This “productivist” welfare regime, he suggests, constitutes a distinct fourth regime type and provides a challenge to Esping-Andersen’s assumption that ‘the universe of welfare capitalism contains only those advanced capitalist orders that take social policy so seriously as to be identifiable as fully-fledged welfare states’ (Holliday 2005,1–5). Holliday argues that this position rules out examination of other developed capitalist states that engage in social policies but are also subject to other policy objectives, like economic growth and political legitimation. He suggests that in productivist welfare states, which are also advanced economies, economic objectives largely define social policies, with the application of social security as a means to target economically important interest groups. Priority in policy formulation is thus given to enhancing economic and social development, with state, family and market relationships aligned around these objectives. In this sense, some distinction can be made between developed societies where the focus of the welfare regime is “productivist” rather than “protectionist”, with, in the former, measures of de-commodification being far less meaningful for understanding welfare conditions (Hudson, Kühner, and Yang 2014).

Apart from the overriding economic goal, Holliday (2000) points out that features of the productivist regime are variegated across countries. First, although large-scale public expenditure on welfare services is resisted, the state can be more or less active in extending the cover and quantity of social assistance. Through interventions, the state may either encourage the market to provide extensive social programmes or support families as providers, and by doing so promote legitimacy and diminish labour unrest. This means that
levels of social protection can be fairly high in the productivist world, although the degree of de-commodification is low. Second, the degree of stratification is not always necessarily high, depending on the relationship between privileged occupational groups and the rest of the population. When the labour market favours a large working class, social policies may become more universalistic. Alternatively, when the labour market favours professional elites, social policies may become more particularistic, with the state directing limited supplies of welfare benefits. The productivist welfare regime thus focuses on human capital development in particular. Third, although market and family oriented social provision encourages or rewards economic participation, governments regard welfare regulation as their duty, resulting in differentiated patterns of state-market integrations in housing provision.

The family remains central to the actual delivery of welfare in productivist arrangements. In contrast to corporate or Mediterranean regimes however, relationships between the family, state and market are more distinct, with the state taking on considerable responsibility for sustaining the family as a welfare provider. Education and housing policies have played particularly important roles in this regard (Doling and Ronald 2014), with families expected to take advantage of opportunities provided by the state – using educational infrastructure to improve employment and income, and applying subsidies (like home ownership schemes) to accrue housing market assets – to reinforce family welfare self-reliance.

While expanding the application of welfare regimes more comprehensively to economically developed societies, we should be cautious about the addition of a fourth, productivist type of welfare capitalism. Firstly, some studies point out that increasing social inequality, unemployment, immigration and the ageing of society in context of increasing democratic competition, may be undermining productivism, leading to enlargement of public social security provision in East Asia (Aspalter 2006; Peng and Wong 2010). Furthermore, with industrial upgrading, divergence between productivist and Western welfare regimes has diminished (Choi 2012; Hudson, Kühner, and Yang 2014). Nonetheless, although the primacy of high-speed economic development may have weakened in recent decades, researchers agree that economic growth continues to determine East Asian social policy-making, meaning that productivism still represents an effective framework for understanding welfare-systems and transformations, and may have particular relevance, especially in historic context, for China.

Connecting Housing Systems to Welfare State Typologies

Historically, welfare regime approaches have not considered housing as a core feature of the welfare state. Since Kemeny’s(1995, 2001) application of Esping-Andersen’s approach to housing systems, however, attention to housing as a social dimension and an intersection of
the welfare mix has advanced (Allen 2006; Lennartz 2011; Kurz and Blossfeld 2004; Stephens and Fitzpatrick 2007). Specifically, Hoekstra (2003) has proposed, a more comprehensive framework, linking elements of welfare regimes with aspects of housing systems. Stamso (2009) and Venter et al. (2015) have applied a similar framework to Norway and South Africa, respectively. In the East Asian context, Ronald and Doling (2010) have drawn connections between housing systems and the operation of welfare regimes, but have stopped short of integrating China into this analysis. Thus, while research has pointed to the centrality of housing systems in East Asian welfare practices, writers have only hinted at the connection in China (see Ronald 2013; Ronald and Kyung 2013; Wang and Murie 2011).

One of Esping-Andersen’s core welfare regime concepts is de-commodification. Housing research has thus largely focused on housing tenure and its role in de-com-modifying households⁴, assuming that homeownership and private rental housing commodify social relations – making the household more dependent on market pro-visions and their position in the labour market to sustain their home – while social rental housing has been understood to de-commodify (Barlow and Duncan 1994; Harloe 1995; Kemeny 1995). Doling (1999), nonetheless, points out the limitations of tenure in understanding de-commodification as, for example, owner-occupied housing might be dominated by state subsidy, may not necessarily circulate as a free market commodity and access may not necessarily be a function of ability to pay. Hoekstra (2003) therefore defines de-commodification as the extent to which house-holds can access housing independent of income, and suggests measuring it by the scale of housing subsidies (both object and subject subsidies) and price regulation.

Another process by which housing systems impact welfare regimes is stratification: the way the welfare state more or less equitably distributes well-being among different social groups. Within housing studies, stratification has been largely translated as housing segregation and inequality. Although Musterd and Ostendorf (1998) have pointed out that welfare states have significant influences on housing segregation, most other studies focus on the dynamics of specific housing outcomes. Kemeny (1995) is more emphatic on this issue, suggesting that states may adopt either a tenure neutral or dualist approach, with the latter being more unequal, sup-porting deeper housing stratification. In making the link between welfare regimes and housing more directly, Hoekstra (2003) applies the “rules of housing allocation” in explaining how certain groups are favoured through regulatory privileges in the Dutch case. Hoekstra borrows a number of indicators from Esping-Andersen’s 1990s model: the scope and organization of welfare provision; the level of the well-being quality and rules for accessing welfare benefits.

Building on the above, especially Hoekstra’s approach to the welfare housing nexus and Holliday’s definition of productivist welfare regime, we extend the link between housing
system and welfare state regime to the Fourth (East Asian) World, translating criteria of
de-commodification, stratification and state-market-family relationship into 10 aspects of the
housing system (Table 2.1). Below we apply this frame-work in understanding development
of the Chinese housing system in terms of different stages.

The Development of the Chinese Housing System and (Four) Welfare
Regime Types

Bearing in mind that the four types of welfare regimes identified above are ideal types, and no
single country or case purely corresponds to any of the types, in this section we attempt to
position Chinese experiences.

Before 1978: A Socialist System with Conservative Elements

Between 1949 and 1977, public housing provision became increasingly dominant (Wang and
Murie 1999). Under Communism, home ownership declined steadily and private housing was
gradually transferred to public ownership via local governments, especially after 1956 (Wu
1996). While the state was ideologically communist, the idea that the public ownership of
housing would help to maximize the use of all housing sources, complimented the rhetorical
claim that state ownership would help eliminate social inequality and class exploitation
(Wang and Murie 1999). Consequently, the Chinese housing system came to resemble a
social-democratic regime but also reflected some conservative corporatist traits, especially in
terms of the links between housing and employment.

Although transformations in tenure and ownership appeared to promote public welfare,
the early communist housing system also critically embodied socialist state ambitions to
nurture industrialization and working class formation (Selden and You 1997). Indeed,
although the state claimed that it took responsibility to provide housing welfare, most of
housing was combined with the employee programmes carried out by work units (danwei),
the financiers and providers of public housing. It also became evident that, while inspired by
the Soviet Union, Chinese Communism demonstrated many social-democratic features (in
Esping-Andersen’s terms). For instance, China was committed to full employment, and by the
1980s the housing system was able to cover more than 90% of the urban labour force (and
dependents) through public housing (Gu 2001). Moreover, in principle, the distribution of
housing to employees was guided by more non-financial criteria. The council of housing
distribution (established by both managers and employees) carried out the distribution work,
attaching importance to people who needed housing the most, like those who had or were
going to have bigger families living together or those who had been living in dormitories for
many years. It also considered the needs of people who had ostensibly contributed more to
society, like military veterans. Specifically it offered a ‘universal’ lifetime housing guarantee, which represented a large-scale de-commodification of the housing system (Wang and Murie 1999; Zhao and Bourassa 2003).

Object subsidies were maximized at every stage of housing construction meaning rents could be set at very low levels, often almost zero. The formal market played a minimal role in housing provision and families were not responsible for accommodating themselves (Wu 1996; Zhu 2000). This is quite similar to other socialist economies where low-cost housing also functioned as a form of social wage (Huber and Stephens 2001). However, unlike western social democratic societies, there were few alternatives to public housing, especially in cities (Wu 1996).

With respect to work unit policies and provision, early housing interventions resulted in high levels of stratification, echoing the features of the corporatist system. First, the state only provided minimum basic housing assistance to urban residents who could not receive housing welfare either from the danwei or from their family: like disabled and unemployed people. On the other hand, work units provided better housing service to their employees. Second, as work units were the sole providers of public housing, the quality housing depended upon the financial capacity of work units. Thus, housing provision varied along the occupational hierarchy, with employees in collective units with permanent contracts prioritized. Third, within the same work unit, although public housing allocation was not wage-based, the shortage of public housing caused further stratification among employees in terms of corrupt allocation. Last, since rents were kept very low and government revenues were limited, the development of public housing fell behind housing demand, and consequently, housing quality declined rapidly (Wang and Murie 1999).
Table 2.1 Differences between housing systems and the four welfare regimes

<table>
<thead>
<tr>
<th>Criteria of welfare state regimes/housing systems</th>
<th>Social democratic</th>
<th>Corporatist</th>
<th>Liberal</th>
<th>Productivist</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Welfare Regime Criteria:</strong> General policy objectives</td>
<td>Ensure the social condition of full employment</td>
<td>Ensure differentiations among all participations</td>
<td>Ensure a minimum well-being for the poorest residents</td>
<td>Ensure a productive social security for facilitating economic growth</td>
</tr>
<tr>
<td><strong>Housing system criteria:</strong> General housing policy objectives</td>
<td>Guarantee universal high level of housing quality</td>
<td>Preserve social stratification; Stimulate households and private actors to take initiative on the housing market</td>
<td>Market dominant the housing provision</td>
<td>State only supports marginal groups</td>
</tr>
<tr>
<td><strong>Welfare Regime Criteria:</strong> Degree of de-commodification</td>
<td>Extensive</td>
<td>Quite extensive</td>
<td>Minimal</td>
<td>Flexible</td>
</tr>
<tr>
<td><strong>Housing system criteria:</strong> Provision scale</td>
<td>Large</td>
<td>Large</td>
<td>Small</td>
<td>Small or modest</td>
</tr>
<tr>
<td>Subject subsidies Large-scale</td>
<td>Segmented</td>
<td>Few and Means-tested</td>
<td>Limited public expenditure, Sufficient policy support</td>
<td></td>
</tr>
<tr>
<td>Price setting Strong state influence; Relatively low price</td>
<td>Moderate state influence; State regulates prices for correcting negative effects of market</td>
<td>Minimum state influence; Market determines the housing price</td>
<td>Modest state influence State regulates prices for correcting negative effects of market</td>
<td></td>
</tr>
<tr>
<td>Non-financial criteria High &amp; depends on housing demands</td>
<td>High &amp; depends on social status</td>
<td>Low &amp; depends on affordability</td>
<td>High &amp; depends on occupational status</td>
<td></td>
</tr>
<tr>
<td>Consumption Object subsidies High and universalistic</td>
<td>High and specific</td>
<td>Low</td>
<td>Modest and specific</td>
<td></td>
</tr>
<tr>
<td><strong>Welfare Regime Criteria:</strong> Degree of stratification</td>
<td>Relatively low</td>
<td>High</td>
<td>High</td>
<td>Modest</td>
</tr>
<tr>
<td><strong>Housing system criteria:</strong> Degree</td>
<td>Low</td>
<td>High</td>
<td>High</td>
<td>Modest</td>
</tr>
<tr>
<td>Quality of housing welfare Even among beneficiaries High or flat-rate</td>
<td>Relatively high</td>
<td>Low</td>
<td>Depends on beneficiaries contribution to the economy</td>
<td></td>
</tr>
<tr>
<td>Allocation rules Universal allocation based on housing demands</td>
<td>Set allocation rules for people of different classes and statuses</td>
<td>Regulated allocation for a small group who are unable to participate in the market</td>
<td>Allocation extended to residents with economic contributions</td>
<td></td>
</tr>
</tbody>
</table>

(continued)
### Criteria of welfare state regimes/housing systems

<table>
<thead>
<tr>
<th>Welfare Regime Criteria:</th>
<th>Social democratic</th>
<th>Corporatist</th>
<th>Liberal</th>
<th>Productivist</th>
</tr>
</thead>
<tbody>
<tr>
<td>State-market-family relationship</td>
<td>State dominate the welfare system, emancipating both market and families</td>
<td>NGOs and Churches displace market as the provider of benefits, protecting families</td>
<td>Market provide and differentiates welfare among the majorities</td>
<td>Economic interest groups dominate the provision of welfare</td>
</tr>
</tbody>
</table>

### Housing system criteria: Main actors

<table>
<thead>
<tr>
<th>Housing system criteria:</th>
<th>Social democratic</th>
<th>Corporatist</th>
<th>Liberal</th>
<th>Productivist</th>
</tr>
</thead>
<tbody>
<tr>
<td>State-market-family/individuals</td>
<td>The state</td>
<td>The state and families/individuals</td>
<td>Market and families/individuals</td>
<td>Market and families/individuals</td>
</tr>
</tbody>
</table>

### State-market-family/individuals The role of state relationship

<table>
<thead>
<tr>
<th>Social democratic</th>
<th>Corporatist</th>
<th>Liberal</th>
<th>Productivist</th>
</tr>
</thead>
<tbody>
<tr>
<td>The state takes a dominant position, provides various forms of de-commodified housing, and maximizes capacities for the individual independence</td>
<td>The state plays a regulative role in promoting the development of de-commodified housing to remedy market imperfection, and minimizes capacities for individual independence</td>
<td>The state exercises little regulation over for-profit housing markets, and maximizes capacities for individual independence</td>
<td>The state plays a regulative role in promoting the development of de-commodified housing, and maximizes capacities for individual independence</td>
</tr>
</tbody>
</table>
1978–1997: A Gradual Transfer to a More Liberal System

As the state excluded the market and maintained low rents, a heavy financial burden was brought upon work units, ultimately undermining provision (Wang and Murie 1999). Thus, pressure came to bear on the Chinese government to reform housing and to relieve the severe financial burden. Consequently, from 1978, after which the Chinese economy was transformed in line with a new vision of the role of the market in socio-economic development, social-democratic elements of the old housing system were transformed in terms of two core shifts in the housing system: decentralization and liberalization (Wu 1996; Zhu 2000). In terms of the former, work units gradually became independent enterprises focused on the market. Thus, from 1978 to 1997, the share of direct state investment in construction was drawn down from 78 to 6% (NBSC 1998). Instead, the state assigned responsibilities to work units and local governments for the production of new apartments, and assisted them by establishing preferential policies on land and taxes. Private homeownership began to be promoted and was the focus on new building, and existing PRH was increasingly sold-off to sitting tenants at very low prices (close to the construction costs) under various local housing privatization schemes.

Work unit housing, thus, did not disappear, but was provided in new ways that were not exactly liberal, but not entirely social democratic either. Essentially work units became more important intermediaries, and housing provision became more stratified in terms of advantages for work unit employees. The initial shift may thus be considered more corporatist. In terms of subsidies, the state established two new systems: The Housing Allowance System, requiring work units to disburse housing benefits to their employees as rental housing, and the Housing Provident Fund, requiring work units to contribute to a provident account for their employees that could be drawn upon to purchase a home (see Zhao and Bourassa 2003). As the construction and allocation of housing was occupationally based, housing stratification was intense. Additionally, as state subsidies were also given based on work unit rankings, small and private firms were less able to supply housing or improve housing quality for their employees. Stratification thus occurred among employees of different work unit ranks. Meanwhile, privileges for political and other elites continued.

The emerging system also reflected some liberal features – with access to housing based on the market rather than citizenship – which were later extended. First, the state gradually increased rents to cover the costs of building and managing housing property. Second, financial criteria (i.e. income) were increasingly applied in housing allocation and distribution. Higher income residents were given the freedom to rent better and relatively more expensive dwellings in both public and private sectors. Thirdly, the state encouraged households to take greater responsibility for their own housing by facilitating saving in the Housing Provident
Fund. Fourthly, the state diversified arrangements by which residents could purchase their own homes, and in addition to buying existing PRH, tenants could also buy economic affordable housing (a new type of subsidized owner-occupied housing), from their employers (Wang and Murie 1999; Wu 1996, 2015).

**From 1998 and 2008: A Liberal Housing System with Productivist Elements**

Housing privatization and rent liberalization alleviated the public housing cost burden and, by the late-1990s, the state was in a position to deflect the objectives of housing reform towards a more radical marketization that also aligned with strategies to stimulate urban and economic growth (Wu 2015). A new era of liberalism really kicked off in 1998 with the termination of the lifelong housing subsidy and work unit housing. Instead the state developed a dualist housing supply system in which owner-occupied housing (including low-profit, limited price housing and economic affordable housing) dominated housing provision, while at the same time a small amount of rental housing (including old and unsalable work unit housing) was designated for the poor and disabled. Housing de-commodification was limited to the minimum.

The state not only reduced subsidies on low-profit housing, it also loosened its role in price setting. This left house prices to the whim of the market, which, in the emerging economic landscape of the 2000s, took a primary role in financing, constructing and allocating homes. In this context, the rental sector withered and owner-occupied house prices inflated rapidly, stimulating extreme housing stratification. Since housing allocation had shifted to a costumer-based system, a small group of richer people could increasingly monopolize supply, transforming housing into a speculative commodity (Wu 2015). This undermined the market housing choices of low-to-middle income households who were increasingly priced out, especially in cities. In the rental sector, meanwhile, housing allowances for the poor were limited and low-to-middle income households struggled independently to meet rents (Shi, Sato, and Sicular 2013).

While the emerging housing system framework was characteristically liberal, elements of the productivist regime were also evident. Firstly, with the high speed of urban growth and the wealth generated by it, the real estate industry became a central pillar of the Chinese economy, with the interests of government and the real estate sector increasingly aligned around growth. Secondly, providing suitable labour for economic growth became a concern of housing policy. During rapid urbanization and industrialization, the flow of migrants to cities increased annually (Wu and Webster 2010). As they were largely excluded from public sector housing, however, migrant housing access and affordability problems began to represent a threat to rapid industrial growth, putting pressure on local governments to act. In
some places, experimental housing reforms were carried out to extend public housing provision to limited numbers of migrants in key labour sectors, in the interests of sustained economic expansion (Li and Zhang 2011). While migrant housing measures opened up the housing system and encouraged social solidarity – echoing an earlier socialistic era – they primarily served productivist objectives with migrants essential to economic and industrial upgrading.

Although housing provided to migrant-employees is reminiscent of earlier work unit housing, it differed from the corporatist housing system in that the scale of provision was far more limited and housing provided to employees did not represent any social rights. The new system also reinforced a high level of housing stratification. First, as the number of beneficiaries was limited, most migrants were marginalized, and became concentrated in low-quality housing. Second, for those migrants given access, since benefits varied based on occupational contribution, high skilled and professional migrants could often acquire better-quality family housing, with others often allocated to cramped dormitories at their work place (Huang 2012; Wu 2002).

The Contemporary Urban Housing System in China

So far we have attempted to tease out different regime traits in the ongoing development and restructuring of the Chinese housing system up until 2008. Each period illustrates a dynamic transformation in which housing reforms and de/re-regulation reflect and reinforce wider welfare regime realignments and shifting responsibilities of the state, market and family households for providing or finding secure and adequate housing. The home appears to have transitioned from being a universal welfare service, to a market commodity, to, more recently, some combination of both. At each stage housing has played a differentiated but critical role in social stratification. Features of all four ideal welfare regime types have been evident, with the balance shifting during different periods of policy realignment.

2008 and Beyond: Ongoing Transformations Under Debate

As housing commodification in China in the early 2000s resulted in a highly volatile and over-heated real estate market, distorting housing supply and creating significant affordability problems (Wu 2015), since 2008, the state has adopted various new regulatory housing strategies to curb speculative investment in commercial housing, constrain house price inflation and prioritize the development of social housing to a certain degree. PRH has been revived and has become a core means of serving the housing demands of urban low-to-middle income residents, including both local residents and migrants. Housing policy and provision has thus lost much of its tenure bias, moving towards a more balanced regime featuring both
pro-homeownership and pro-PRH schemes. Indeed, housing reforms did not purely target the development of social welfare, and they also dealt with the economic shocks of the global financial crisis. The assumption was that the mass construction of public housing would have two main benefits: sustain GDP growth and reduce housing shortages (Wang and Murie 1999). In light of this “double” purpose, the state has begun to abolish, through hukou6 reform, restrictions on migrant access to PRH, and focused on a more universal allocation of housing and housing benefits since the 11th National People’s Congress in 2009.

Even though housing reforms have increased public housing provision, there has been some debate about whether reforms really aim to provide a universal housing service for all residents (Zhu 2014). Some researchers regard recent reforms in terms of a transition towards a more just and equitable society (see Stephens 2010). Chen, Yang, and Wang (2014), for example, argue that in recent years the Chinese public housing model has developed in terms of the overall transformation of development ideology from “productivist welfare” to “developmental welfare”. Nonetheless, some scholars argue that the housing system retains key productivist traits. In general, they suggest that housing in China continues to be understood as an economic issue rather than a project to enhance social harmony (Huang 2012; Zou 2014).

Wang and Murie (2011) have recently suggested that the Chinese approach to housing policy is becoming a distinctly hybrid one. A core objective of this paper then is to contribute to this analysis by applying the framework set out earlier in this paper. While Wang and Murie’s study mainly focuses on the other two types of public housing in China, affordable housing (to buy) (jingjishiyongfang) and government assisted rental housing (lianzufang), our analysis focuses on public rental housing (gongzufang) (PRH), one of the more common types of public housing with more universal applicability. PRH is the only type of housing that is in principle open to both local residents and people without local hukou registration (migrants). Moreover, since the end of 2013, local governments have been required to merge government assisted rental housing programme into the PRH programme, and have also started to merge other types of housing into the PRH programme. To a large extent therefore, our focus on PRH provides a wider perspective on the broader and ongoing development of the contemporary Chinese housing system.

We pursue our goal empirically by considering recent PRH system transformations in two Chinese cities: Beijing and Chongqing. These contexts characterize two different approaches within China to PRH provision. Historically, analyses of either housing systems or welfare regimes have not dealt particularly well with territorial scale and have tended to focus on countries as units of analysis (see Hoekstra 2003). This critique is particularly salient in the case of China due to scale and diversity in urban development. As the policies of
administrative and financial decentralization have intensified since the 1980s, in the contemporary period, public housing provision responsibilities have mostly rested with local governments, but under strong central government directives (Chen, Yang, and Wang 2014; Zhu 2014). Local governments plan and set up rules for housing provision based on individual situations (Aspalter 2006; Peng and Wong 2010). Therefore, the following city level analysis provides a more meaningful scale and a comparative scope from which to assess the complex role of PRH in housing and welfare regime restructuring in China.

The Cases of Beijing and Chongqing

(1) Socio-economic development in Beijing and Chongqing. Although PRH policies vary between Beijing and Chongqing, both cities converge in a number of important respects. On the one hand, both these mega-cities have populations of over 10 million and have undergone relatively recent and exceptional modernization, industrialization and economic growth (GDP Annual Growth Rate over 16%). They have also been subject to similar housing system pressures with rapid economic expansion resulting in increasing inequalities in income and access to market housing. Both cities have also struggled to accommodate a large and growing urban population driven by the arrival of migrant labour (approximately 50% of the urban population). Migrant populations in Beijing and Chongqing also share a number of common features which indicate that urban migrants have a strong desire to settle down and enjoy the same citizenship rights as local residents: in 2010, more than half have stayed in cities for at least three-years; around 40% are aged 30 years old and under, and over 70% of them have arrived with families (BMBS 2012; CMBS 2012).

(2) Comparing housing system characteristics between Beijing and Chongqing. Table 2.2 compares housing policies announced in Beijing and Chongqing drawing on the framework provided in Table 2. We find, in both cities, their PRH policy rhetorics for local residents are ostensibly alike and are significantly social-democratic-like, and although their approaches to migrant housing contrast significantly, the mechanisms behind them reflect quite similar productivist elements.

In terms of housing policy for local residents, both cities have adopted strategies of maintaining social stability as their overall housing policy objective, representing elements of a social-democratic regime. Thus their degree of housing de-commodification is relatively high, with housing stratification among local residents being relatively low. Most local households can, in principle, access certain housing schemes and subsidies – especially PRH – based on their local hukou citizenship. Except hukou, other non-financial criteria are adopted to help local residents, especially those who are not homeowners, to access PRH. For example, in Beijing, around 60% of local residents are covered by the pension plan, and have
Migrants and the New Stage of Public Housing Reform in China

the right to apply for PRH in 2012 (BMBS 2013). Additionally, according to the regulations concerning PRH access in Beijing and Chongqing, comparing the income limits with the average income in both cities in 2012, the scope of PRH provision in Chongqing covers all income groups, while it is more focused in Beijing. Lastly, both city governments strongly regulate housing prices, but at different levels. Whereas PRH rents are 20% below market price in Beijing, in Chongqing the figure is 40% (CAG 2012). Although strong on policy rhetoric, in terms of de facto PRH provision, Beijing is typical of major cities that have done relatively little to provide PRH for local residents. Chongqing meanwhile, has focused on providing public housing for local residents. In 2012, Chongqing authorities built 140 thousand units of PRH, 13 times more than Beijing (BMBS 2013; CMBS 2013). By 2013, the volume of PRH in Chongqing represented more than all the other major cities combined.

Unlike the policy on local residents, regulations on access to PRH for migrants appear to be more strongly different. The degree of housing de-commodification for migrants in Beijing is relatively lower than in Chongqing. Beijing has implemented a series of additional requirements that restricts access. In Beijing, only migrants who have consistently been employed and participated in the pension plan and Housing Provident Fund, as well as paid taxes for at least five years in the same district, are eligible to apply for PRH. Moreover, the Beijing government only allows migrants to apply for PRH through their employers, and gives priority to migrants who work for companies with a higher political and economic status. However, Chongqing has applied relaxed rules on access to PRH to encourage migrants take up. Migrants with a one year work contract or even retired migrants are allowed to apply for PRH independently. Consequently, a report from the Beijing public housing centre shows that in 2012, only 1% of the tenants in PRH were migrants in Beijing, while the proportion rose to over 45% in Chongqing in 2011 (Kaifeng Foundation 2011). In terms of affordability, PRH is not really affordable for low to middle income migrants in Beijing, as of 2012, the rent-to-income ratio was around 0.9 even for below-middle income, local residents who unusually have higher incomes than migrants (calculated from BMBS 2013). Therefore, many migrants who are occupationally and financially impoverished are marginalized by the PRH system in Beijing.

Variations are also revealed in terms of the respective roles of state and market in providing housing. The Chongqing municipality is more active than Beijing in organizing housing construction, although both municipalities play a regulative role and have established preferential land and tax policies to support the construction of PRH. The Chongqing municipality also largely facilitates family access to PRH through providing a housing allowance. In Beijing, the municipal government encourages multiple sectors, like real estate developers, social institutes, industry parks, etc., to take responsibility for the financing and
contracting of PRH programmes; while in Chongqing, PRH construction is still controlled by the government, through the management of two specific state-owned-enterprises.

**Understanding Divergence between Beijing and Chongqing**

Despite variations between Beijing and Chongqing, we argue they represent similar features of a productivist regime, aiming to reinforce economic objectives: i.e. productive elements of the population who can contribute most to economic growth (either individually or in terms of their contribution to a particular industrial sector). We now pay specific attention on the mechanism behind different PRH policies towards migrants in order to establish whether both cities reflect similar elements of the productivist welfare regime (i.e. housing policy facilitates the economic growth). Holliday (2000) emphasizes the need to understand the emergence of different clusters of welfare regimes from the perspective of social base, economic base and political superstructures. Building on this notion and in context of the analysis above, three factors are particularly relevant in explaining the Chinese housing system: institutional restructuring, demographic changes and economic development. Below we explore how these three factors interact in shaping housing systems, and, more specifically, how these processes help explain divergence between Beijing and Chongqing housing systems.

**The General Context: Decentralized Provision of Public Housing**

Prior to the 1990s, as the Chinese economic transition had brought about an increase of the urban population, housing demand intensified in cities. Local and national authorities have thus, in principle, had a shared interest in expanding housing welfare. Both central and local governments sought to develop public housing in terms of two core objectives: firstly economic – to house the workforce necessary to sustain urban development – and secondly socio-political – to ensure housing security for the urban poor, maintaining social stability. However, in context of the institutional restructuring since 1990s – local government motivations to invest in public housing have become more complex (Chen and Gao 1993). In the interests of national economic growth, the central government has increasingly exercised political authority, instructing local governments on their political and fiscal responsibilities. However, this has produced a division in financial incentives, which has become a particular barrier for achieving national policy goals at the local level. As the central government has taken a larger share of tax revenues and reduced its commitments, local governments have received a smaller share of tax income, but been given greater responsibilities. Local governments receive around 40% of tax revenues, but their share of welfare and infrastructure expenditure is around 70% (Chen and Gao 1993). Local governments thus have different pressures on them and often use the autonomy appointed to them by the national
<table>
<thead>
<tr>
<th>Housing system aspect</th>
<th>Beijing</th>
<th>Chongqing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General housing policy objectives</strong></td>
<td>Stabilize the socio-economic development while prioritizing the housing needs of new towns and industry parks.</td>
<td>Create a people-oriented society and meet housing demands of all income groups</td>
</tr>
<tr>
<td><strong>Production scale</strong></td>
<td>Modest for local residents</td>
<td>Modest for both local residents and migrants</td>
</tr>
<tr>
<td><strong>Subject subsides</strong></td>
<td>Low for migrants</td>
<td>The state contributes a very small fiscal revenue; The municipality input a few public expenditure</td>
</tr>
<tr>
<td><strong>Price setting</strong></td>
<td>Strong influence on price setting, based on market value eg: PRH, 10-20% below market prices</td>
<td>Very strong influence on price setting, based on market value eg: PRH, 40% below market prices</td>
</tr>
<tr>
<td><strong>Non-financial criteria</strong></td>
<td>High</td>
<td>High for migrants</td>
</tr>
<tr>
<td><strong>Consumption Object subsidies</strong></td>
<td>Universalistic for local residents</td>
<td>Occupational based for migrants</td>
</tr>
<tr>
<td>** Provision scale**</td>
<td>Modest for local residents</td>
<td>Modest for all residents</td>
</tr>
<tr>
<td><strong>Quality of housing welfare</strong></td>
<td>Highly regulated allocation based on the occupational status of migrants 1) Exclude retired employees 2) Require a constant five-year participation in occupation; the pension plan, housing provident fund, as well as taxes payment within the same district 3) Accept application from employers 4) Open to households with income below ¥24,000~¥54,000</td>
<td>Very low regulated allocation for migrants 1) Include retired employees 2) Require a constant one-year participation in occupation; 3) Accept application from individuals 4) Open to households with income below ¥100,000</td>
</tr>
</tbody>
</table>

*Table 2.2 Housing systems in Beijing and Chongqing (Continued)*
<table>
<thead>
<tr>
<th>Main actors</th>
<th>Beijing</th>
<th>Chongqing</th>
</tr>
</thead>
<tbody>
<tr>
<td>State-market-family/individuals</td>
<td>The state plays a regulative role and supports the development of public housing through providing preferential policies.</td>
<td>The state plays a regulative role and supports the development of public housing through providing preferential policies.</td>
</tr>
<tr>
<td>relationship</td>
<td>Finance and construction work is decentralized from the municipality to the market sector, via district governments</td>
<td>Finance and construction work is decentralized from the municipality to the market sector, via district governments</td>
</tr>
<tr>
<td></td>
<td>Various financial sources are gathered through the market mechanism</td>
<td>The municipality empowers state-owned-housing enterprises to gain bank loans</td>
</tr>
</tbody>
</table>

government to resist central state goals of expanding housing welfare provision. Indeed, as the financial benefits of increasing commercial housing have competed with PRH (in context of diminishing local tax revenues), local governments may be more interested in leasing land for building for-profit housing rather than “wasting” land on public housing (Zhu 2014).

Indeed, local governments often respond quite passively to the targets and objectives of unfunded state mandates. Although the state evaluates local government achievements in the promotion of PRH, it is of secondary importance to economic growth. Thus, to some extent, although local governments have some incentives to compete in housing provision to see who can provide more and better services, incentives depend upon the economic and political benefits that the PRH programmes potentially offer local officials. Due to the decentralization process, local governments also have become independent in deciding how housing welfare is constructed and which groups qualify. The structure of housing provision provides us a basic context for understanding local governments’ policy practices in the two cities. Within this context, below we explain how political and economic incentives of local governments shaped the housing strategies on migrants in Chongqing and Beijing.

Differentiated Local Governance and Institutional Incentives

In Beijing, PRH provision is further decentralized to a lower administration level, the local districts, who are required to supply land and finance for the building of PRH. In this process, the conflict mentioned above, between the national and local governments, re-emerges between municipal and district governments. In context of limited funds, local districts try various ways to minimize their obligations for PRH, exaggerate the amount of PRH provided and keep their fiscal subsidies minimal. For instance, they make their specific rules for PRH access, and are very reluctant to supply PRH to residents who are registered in other districts. They often count housing built by the private sector on suburban-rural land, which is identified as illegal according to the Chinese management land law, in the PRH figures. They also rely on the investment from other sectors, and mainly realize their obligations for PRH in cooperation with private housing developers, based on the exchange of small amounts of PRH (usually 5–10%) for big quotas of commercial housing (95–90%) construction. Critically, the three actors involved – Beijing municipality, local districts and private developers – do not share motivations for providing PRH for migrants leading to conflicts and often resulting in ineffective policy implementations.

By contrast, Chongqing has demonstrated unprecedented enthusiasm towards the PRH programme as it also aligned with objectives in political and economic spheres. Bo Xilai, the secretary of the Communist Party’s Chongqing branch between 2007 and 2012, used his mandate in Chongqing as a platform to significantly further his own political ambitions at the
national level (Miller 2012). Bo was subsequently convicted of corruption and sentenced to life in prison. Before his downfall, however, the giant PRH programme was one of the five core innovations considered to help Bo win both local support (in Chongqing) as well as muster wider political recognition in order to help him bid for a seat at the top table of Chinese politics at the 18th party congress in 2012 (Miller 2012). In order to provide political incentives, the PRH programme in Chongqing was run in a rather radical way. Instead of decentralizing the provision task to local districts, the main actors of the programme have been the municipality and state-owned-housing enterprises, with the latter being the actual provider of PRH, but also a client of the former. The state-owned housing enterprises were heavily empowered, with the municipality prioritizing them in policies and in the allocation of housing land, as well as guaranteeing bank loans for them in the large-scale production of PRH (40 million square metres of PRH) over three years. Although the government claimed that the PRH programme in Chongqing was an approach which combined public ownership with a market oriented economy for satisfying public needs (Huang 2011), scholars and social media generally agree that it was the coercive power of Bo that efficiently mobilized tax breaks, the supply of land and bank loans in favour of these goals (Cheng 2015). After the downfall of Bo, most of his other programmes were cracked down upon, although the PRH programme has been continued by the incumbent mayor, Mr Huang Qifan. Initially, this was because the programme remained consistent with state goals on housing.

However, we still need to demonstrate some caution in regard to the sustainability of the PRH provision in Chongqing (Zhou and Ronald 2016). First, there are concerns over how state-owned-housing enterprises will deal with the high debt associated with the PRH programme. According to the original plan, from 2016, the government should have started to gradually sell off PRH units to sitting talents in order to begin repaying their huge bank loans. However, by August of 2016, the government had not announced any new relevant regulations. Unless the PRH programme pursues other further financing strategies, it may not be able to repay the loans as the government expected. Moreover, it may make it more difficult for the state-owned housing enterprises to get more loans for building further commercial and residential facilities near the newly built PRH communities. It has also been revealed that some PRH neighbourhoods still have poor access to public transport (Kaifeng Foundation 2011). Second, there have also been questions as to whether the general public has really benefited from the PRH programme? In order to further highlight the achievements of Bo, the municipality has often exaggerated official statistics in regard to the amount of PRH built. For instance, from 2010 to 2011, 18 thousand housing units built by either non-public providers (such as worker’s dormitories and student hostels) or in remote counties has been counted in the total amount of urban PRH (110 thousand units)(Chongqing Morning
Post 2011). As the state-owned housing enterprises’ ability to find finance decreases, the government also has to rely more on the industry parks to build more new PRH in order to maintain a stable supply, and unfortunately, these houses will only be provided to employees working in the industry parks.


**Figure 2.1 Comparing occupations and education standards of migrants and the entire labour force in Beijing and Chongqing**

**Differences in the Urban Economy**

Apart from differences in political incentives, differences in urban economies have also contributed to discrepancies in housing policies for migrants between Beijing and Chongqing. Both the state and local governments consider a rapid economic growth as the primary criteria in evaluating the success of local development, and as expanding PRH for migrants has also represented a means to improve the urban economy. Nonetheless, Beijing and Chongqing have established their own PRH pro-vision programmes based on distinctions in economic
and industrial bases, with migrants who do not contribute to the local economy in each case more likely to be excluded from the public housing system.

As Beijing has established itself as the centre of the high end production services, it has sought to build a highly professionalized labour force featuring entrepreneurial talent (BMCDR 2010). However, as Figure 2.1 shows, there are few migrants with or above senior high school education levels in the labour market and few migrants have skills that are recognized by the city of Beijing as contributing to the advancement of industry and economic growth. Consequently, although the hukou barrier for housing access has been eliminated in the 2009 Housing Act, the municipality has established stringent regulations (see Wang and Murie 2011), that only allows the very elite of the migrant population access to public housing, excluding migrants with low educational or occupational status (Huang 2012).

In contrast, as a centre of manufacturing in China, Chongqing is at a very different stage of industrial development with an exceptional need for workers and land in comparison with most other cities (Huang 2011). For example, in 2012, around 10% of the Chongqing labour force worked in knowledge intensive industries compared to 30% in Beijing. Meanwhile, over 80% of Chongqing’s employees work in labour intensive industries, with average salaries around 60% of those working in similar occupations in the more developed coastal provinces (BMBS 2013; CMBS 2013). Within a broader context of labour shortage among Chinese big cities (Chen and Du 2011), Chongqing has prioritized its competency in secondary and service industries, leveraging its relative strengths in the labour market for achieving a higher GDP growth. Thus, a more inclusive PRH allocation scheme has become crucial for attracting migrants, and has helped maintain a sustainable labour supply for the continued urban development. As Figure 2.1 shows, Chongqing’s migrant population contributes a labour force more suited to the manufacturing base of the city. Additionally, Chongqing estimated that investment in the PRH programme (110 billion yuan) would boost GDP by 400 billion yuan, and would attract 910,000 workers to the region (Xinhua net 2011). To some extent, providing PRH for migrants helped Bo create an ‘economic miracle’ in Chongqing. In the five years that Bo was in power (2008–2012), the average GDP growth rate in Chongqing was 1.5 times that of China (NBSC 2009–2013, CMBS 2009–2013). This economic achievement also contributed to Bo’s political campaign.

Overall, on examining mechanisms behind the distinct migrant housing regimes in Beijing and Chongqing, it appears that it was often more the political and economic incentives of local officials rather than public needs that guided the formation of the PRH programmes in China. Both cities exemplify an emergent productivist welfare regime, but have different features due to their different degrees of socio-economic development and
variations in governances. The variation between them confirm, to a large extent, Holliday (2000) theory of productivist welfare, in which market’s involvement and the degree of stratification can be either high (i.e. Beijing) or low (i.e. Chongqing). The analysis of the two housing systems then has provided considerably more insight into the divergence around the current housing policy in China, bringing us a broader picture of Chinese urban housing and welfare regimes.

Conclusion

By applying the framework developed by Hoekstra (2003), this paper has linked the housing system in China to the welfare regime theories elaborated by Esping-Andersen and Holliday at a more global level. Our review on the development of Chinese housing system indicates that, although China developed from a socialist welfare regime to a more market orientated one, the Chinese government has continued to adjust the housing system in line with social protection and social investment motivations. Housing policies and approaches in China have shared a number of features that reflect both western and eastern welfare regime constellations, with these features varying across different stages of economic growth.

Our city level comparison on contemporary PRH provision points to the salience of urban scale in understanding relationships between housing and welfare practices as well as the significance of diversity within a single national context. While variations have been observed, researchers have tended to use one type of welfare regime – either liberal, productivist or developmental – to classify the current housing system in China (Chen, Yang, and Wang 2014; Choi 2012; de Haan 2010; Stephens 2010). However, we argue that the cities of Beijing and Chongqing share a broadly similar pattern of public housing supply in the sense that their PRH system flows into two sub-systems, a local citizenship-based and a migrant-based system. The former is very much similar to the universalistic system that Esping-Andersen proposed, while the later appears closer to the idea of the productivist welfare regime, with PRH provision subordinate to the policy objectives of economic growth. On the one hand, the expansion of PRH for local residents represents more protective intentions and movement (back) in the direction of a social-democratic-like regime. Strong political and institutional control is also strongly indicative of a resurging protective concern in the Chinese welfare framework (Zhou and Ronald 2016).

On the other, while also protective, public migrant housing provision in Beijing and Chongqing reflect more productive functions that align with a productivist welfare regime ideal type: promoting the productive elements in society and state-market-family relationships. Although the logic of PRH provision for migrants has been similar in Beijing and Chongqing,
distinct patterns and discrepant scales of housing provision have been developed. Chongqing has sought to significantly extend an open access public housing system. The direct motivation behind its PRH programme was the unusual political incentives aligned to the Bo Xilai administration. The programme sought to attract a substantial flow of labour to the city in order to serve the continued growth of secondary and service industries. Indeed, PRH output since 2011 represents, notwithstanding some concern with the accuracy of the figures, a large chunk of the global supply. Beijing, meanwhile, has maintained a modest supply of PRH for skilled migrants in order to promote an occupational upgrading within the city’s internal economy.

Overtime, the Chinese housing system has transformed from a more socialistic to a more corporatist, to a more liberal one, and is now coming to resemble a hybrid system combining both social-democratic and productivist regime elements. While Holliday (2000) has emphasized the link between economic growth and social policy in East Asia, which is considered stronger than in western countries, it is a link that is particularly evident in China, and especially in the housing system that has helped shape and reshape both the market and welfare conditions and practices.

**Funding**

This work was supported by the European Research Council [ERC starting grant HOUWEL, grant agreement number 283881].

**Notes**

1. Since the 1980s, as many as 300 million people have migrated from rural to urban areas. These migrants are identified as non-local residents according to the Chinese household registration system (*hukou*). Migrants are thereby discriminated against, with access to housing and other benefits restricted.
2. At the seventeenth Chinese Communist Party congress.
3. We can consider productivism as a fourth world in light of other claims where Mediterranean and Latin American regimes may also be considered a fourth and fifth type (see Esping-Andersen 1999; Gough and Wood 2004).
4. Another generality has been concern with the production, rather than consumption of housing, defining de-commodification as a way of suppressing profits from the construction process.
5. A general term for publicly owned organizations that employed most urban residents, including state owned enterprises, civil associations and governmental organs.
6. *Hukou* is the Household Registration system enacted in 1958. Personal *hukou* status is classified by original residential location (such as “agricultural *hukou”/“non-agricultural *hukou*”). A key outcome is that access to local resources, especially to public housing, are dependent on having a local *hukou* status.
7. Based on the calculation from Sina Finance (http://finance.sina.com.cn/g/20111020/171210659082.shtml) the monthly rent for the first PRH programme was 1715 yuan in 2012. According to the Beijing Statistical Yearbook (2013), in 2012, the average income of the lowest two income defiles were 1569 yuan and 2415 yuan, respectively. Rent-to-income ratios of the respective groups are 1.09 and 0.71, and, therefore, 0.9 on average for both.

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The map of the public rental housing projects in ‘Chongqing city’ (2010-2012)
Source: downloaded from the official website of the Chongqing public rental housing
http://www.cqgzzfglj.gov.cn/gzfxmzs/snztgh/.
3 The resurgence of public housing provision in China: the Chongqing programme

To cite this article: Jing Zhou & Richard Ronald (2017). The resurgence of public housing provision in China: the Chongqing programme, Housing Studies, 32:4, 428-448, DOI: 10.1080/02673037.2016.1210097

ABSTRACT Under Chinese neoliberalisation, restructuring of interactions between the market, the state and local governments has encouraged the latter to suppress public housing provision, resulting in serious housing problems for Chinese low-to-middle income households. Since 2007, the state has pursued a public housing revival, laying out various responsibilities for local governments to develop public housing. However, until recently, confronted with significant shortfalls in fiscal and land inputs, local authorities were largely unable to activate construction on an adequate scale. Nonetheless, between 2011 and 2013, the city of Chongqing applied a mode to supply public rental housing on a massive scale. This paper examines the administrative structure and reforms that have ensured the execution of the Chongqing programme. Findings show that specific political and economic incentives of the local officials have played important roles for realising the programme. Moreover, the municipality’s control of land supply and the market have also enabled an efficient cooperation between governmental and market actors for public housing provision.

KEYWORDS Neoliberalisation; public rental housing (PRH); the finance and construct enterprise (FCE); land-related reforms; Chongqing

Introduction

In recent decades, private real estate development has been prioritised by the Chinese government as a means of achieving unprecedented high-speed economic growth (State Council of China, 2003). Meanwhile, Chinese neoliberalisation has restructured interactions among the state, market and local governments, which has allowed local governments to withdraw land supply and finance for developing public housing, even though this tenure had been a mainstay for most households under the previous economic regime (Lee & Zhu, 2006; Wu, 2001; Yao et al., 2014; Ye & Wu, 2008). This housing provision bias has created a number of serious problems: shortages in low-cost (public) housing, income-based housing
inequalities, poor housing conditions, etc. (Huang & Jiang 2009; Lee & Zhu 2006; Logan et al., 2010; Wang et al., 2012). Consequently, the state has been under severe pressures, and ostensibly in recent years, determined to focus on the resurgence of public housing, especially in the form of public rental housing (PRH) (see Chen et al., 2014; Wang & Murie, 2011). Since this proclamation of intent (in 2008), local governments have been required to expand their provision of public housing (Chen et al., 2014). However, while cities started to experiment with new approaches that could potentially expand their PRH provision, no extensive practice appeared until the city of Chongqing established its own large-scale PRH programme in 2011.

By the end of that year, the PRH construction in Chongqing accounted for 10 per cent of national output (Chongqing Municipal Commission, 2011), and by 2013, the city had established the largest PRH programme in China (People, 2013). However, no other city has carried out such large-scale PRH programme as Chongqing did. The main reason is that, as local governments still face the ostensible dilemma of supporting both economic growth and social well-being, for the most part, the expansion of public housing has been largely rhetorical. The mass Chongqing programme thus provides a provocative case for re-examining local implementations of public housing provision in China. As the Chongqing case has yet to be thoroughly examined in terms of its functionality, peculiarity and transfer-ability, our paper, therefore, examines why the municipality of Chongqing, in particular, was incentivised to develop public housing as well as how it has enabled the market to fill the investment gap for its PRH provision.

This paper begins by examining how theories of neoliberalisation have been used to understand the public housing development in China. It then moves to the empirical study, to explore the wider Chinese housing context that has, typically, helped to suppress local government incentives for providing public housing under neoliberalisation. The analysis concerns changes within, and related to, housing provision, including the institutional restructuring, shifting approaches to finance and housing tenure restructuring and, in particular, the reorganisation of national–local relationships and growth-oriented land supply strategies (He & Wu, 2009; Lin & Zhang, 2015). Our analysis applies the concept of the Structure of Housing Provision (Ball & Harloe, 1992; Healey & Barrett, 1990; Wu, 1996), with a particular focus on types, roles and supervision relations among different agents, and subsidy approaches to housing investment.

In the following section, the paper turns to the recent and ongoing perfunctory public housing policy implementations at the local level in China, which provide a marked contrast to the more ambitious PRH programme in Chongqing. Specific attention is paid to the current housing provision approach in which local governments have restructured their role in the
market and authorised finance and construct enterprises (FCEs) to fund, build and manage PRH programmes. Based on this analysis, the paper then takes a deeper look at how Chongqing has adapted this new approach to realise its PRH programme, and what government incentives and special financing reforms have contributed to the programme. Finally, the paper raises concerns over the specificity, the equity issues, and long-term feasibility of the Chongqing programme and concludes the extent to which the Chongqing programme varies from, or fits with, features of ‘neo-liberalisation with Chinese Characteristics’.

Understand Neoliberalisation and Local Public Housing Provision in China

Neoliberalisation has been found to be the main driving force behind the poor public housing policy implementation in both Western countries and China (Harloe, 1995; Malpass & Murie, 1999; Zou, 2014), and it has demonstrated great spatial variations and path differentiation within each society (Brenner et al., 2010). In most capitalist countries, weakening governmental intervention and more hybridised public and private sectors have become common features of housing provision (Mullins et al., 2014; Musterd, 2014; Ronald & Kyung, 2013). In China, neoliberalisation has been considered an incomplete process (Harvey, 2005), or ‘neo-liberalization with Chinese Characteristics’ (Wu, 2010), as it has featured both the expansion of market involvement and the maintenance of government regulatory controls. As figure 3.1 shows, on the one hand, the restructuring of state–market relationships has brought about marketisation of housing provision and the intensified commodification of dwellings (Wang et al., 2012). On the other, the reorganisation of central–local government relationships has created a ‘central-decentralized’ housing provision structure in which the state strengthens its regulatory power and increases its share of revenue, while local governments organise actual policy implementations and even transfer hitherto public responsibilities for housing to the private sector (Chen & Gao, 1993). Therefore, in China, rather than a pure deregulation and market freedom shaping housing reform, expanding the role of the market has been directed by the central government, while local governments have continued to consolidate regulatory power in housing provision through intervening in the market, controlling urban planning and land supply, redistributing fiscal revenue, etc. (Fu & Lin, 2013; Zhang, 2002). The above restructured interaction among the market and the state in Chinese neoliberalisation has made local governments’ key intermediary agents linking the state and market in housing provision (Zhang, 2002). As figure 3.1 demonstrates, the restructured interaction has also created a negative and complex context which has reduced local
government incentives and capacities for expanding public housing provision (Chen & Gao, 1993). First, in context of the focus on developing the real estate market and promoting homeownership, neither local governments nor market actors have been interested in developing PRH (Huang, 2012). Moreover, both central and local government have withdrawn or minimised housing subsidies, while they have relied on market actors to invest in and manage public housing projects. Second, in terms of changes in housing provision environments, the process of decentralisation has nurtured reluctance within local governments with regard to the promotion of public housing. The uneven distribution of revenue and responsibilities have reduced local government capacities in distributing land and funds to public housing projects, while their empowerment has encouraged the redistribution of resources to promote urban industry (Zou, 2014).

Figure 3.1 a schematic representation of changing roles of the three main housing provision actors under Chinese style neo-liberalisation
The resurgence of public housing provision in China: the Chongqing programme

From the above perspective, Chongqing has become a significant local variant in the on-going interaction between urban neoliberalisation and socio-political objectives in China. It provides an important case for re-examining local government incentives and ways the market and government have interacted in developing social welfare, especially PRH. In the following section, building on the framework above, we more specifically examine how neoliberal transformations have changed both mechanisms and the environment of public housing provision, making both the government and market reluctant in developing public housing.

Transformations in Public Housing Provision

Changes in the provision structure

Under China’s planned economy, housing provision was controlled by the single supplier, the state, under a communist ideology that asserted that social inequalities and class exploitation should be eliminated through the direct and centralised redistribution of housing, while the free market should be suppressed. As local implementers relied on the national budget support to construct public housing which was distributed to residents at very low rent (lower than its actual cost), the mode failed to provide public housing at an adequate scale and soon overburdened the state with substantial investment costs (Zhang, 2002).

During the Chinese economic transition, neoliberal reforms have thus brought various market actors together – such as employers, property developers, banks and private lenders – with local governments in the provision of public housing (Wang et al., 2012; Wu, 2008). In this integration, the state minimised intervention in policy formulation and strategic management. It no longer produced housing directly and only took the responsibility for housing the lowest income households. Since then, housing provision in China has become dominated by a three-layer provision mode which introduces private equity into public housing provision.

In this mode, the state stands at the top of a hierarchy and determines guidelines, affecting housing provision in three ways: land and housing planning, regulation on local government and controls on national banks. Local governments stand in the middle, establishing the institutional environment and strategies for housing supply, as well as negotiating with other actors in realising the construction and distribution of housing. Although they usually do not build houses themselves, local authorities play a core role in housing provision. They have controls of land distribution, taxation, bank loan guarantees and fiscal subsidies. Enterprises, mostly state-owned enterprises and property developers, play the role of implementers, raising funds from the capital market and even providing housing land.
However, shifts in local government incentives (decentralisation), along with the ascendance of market actors and interests (neoliberalisation) have created a number of gaps in the provision of public housing (Li & Zhou, 2005). From 1998 to 2005, the annual national investment in all public housing only increased by 0.2 per cent while the national average house price nearly doubled (National Bureau of Statistics of China, 1998–2012).

**Changes in funding public housing**

The transformation of public housing finance started with privatising public housing, raising public housing rents, increasing tenants’ salary levels, establishing housing accumulation funds, etc. Later, more approaches were introduced to harness more dynamic finance sources for public housing provision, moving away from revenue subsidies to interest and taxation reduction, housing allowance increases and opening up a diverse range of financial instruments. From 1998 to 2007, the share of public housing investment in the total housing investment decreased from 51.7 to 15.2 per cent (National Bureau of Statistics of China, 1998–2012).

In the reformed funding structure, since 2003, the state provides 8–10 per cent of the total investment. It mainly outlines preferential banking policies and precise indexes on fiscal budget allocation and land distribution to ensure efficient policy implementations at the local level. Local governments are expected to organise the rest of the budget with the market. However, in reality, the main input from local governments is usually offset by a list of preferential policies, including policies of free land supply and cut tax, while the real cash input is very little. The market is expected to be the crucial source for funding public housing provision. However, unlike in other countries in which governments guarantee bank loans and ensure the repayment for public housing construction (Whitehead & Scanlon, 2007), housing developers in China do not gain sufficient and reliable guarantees from local governments. Instead, they mostly get bank loans through mortgaging their own assets, like their stock of land and housing, and their grants given by the government. Therefore, they are also reluctant in regard to getting their assets stuck in low-profit projects. Overall, few actors are willing to be active in public housing provision.

**Changes in housing tenure structure**

Housing tenure reforms in China were triggered by the Asian financial crisis of 1997, and required local governments to stimulate housing consumption for sustaining economic growth. Since then, housing has been treated as both commodity and welfare good in China. The state terminated the simplex distribution of public housing in 1998, and formed a more complex three-type public housing provision structure: featuring economic affordable housing (since 1994), capped price housing (since 2006) and low-rent housing (since 1998) (Table 2.1). The
The resurgence of public housing provision in China: the Chongqing programme

The tenure structure changes in public housing had made the housing provision uneven leading to, critically, a provision ‘gap’ and increasing levels of welfare exclusion. The majority of the low-to-middle-income households, people with salaries neither high enough to purchase subsidised owner-occupied housing nor low enough to apply for low-rent housing, have been excluded by the public housing system. The term ‘sandwich population’, thus emerged as a result of the mismatch between the housing provision structure and the income distribution (Ying et al., 2013).

Since 2007, the Chinese government has proclaimed its intention to correct the provision mismatch (State Council of China, 2007), with the arrival of the global financial crisis in 2008 being an important driver of the change. PRH has subsequently been designated as a more universal good to be provided at affordable prices, targeting both the sandwich population and residents qualified for other types of public housing. It is available to rent and for sale to sitting tenants. However, comparing with the other two types of public housing, as the target population of PRH is larger than the low-rent housing and the sale of PRH takes longer than subsidised owner-occupied housing, local governments have not been active in promoting PRH. Meanwhile, market sources are ‘theoretically’ available but ‘practically’ unavailable for PRH provision.

Environment for Housing Provision

Apart from transformations in the housing system, neoliberalisation in China has also brought about the division in incentives and power, undermining potential revenue and land supply for constructing public housing (Fu & Lin, 2013).

Imbalances in revenues and responsibilities
As figure 3.1 shows, the logic of decentralisation has been to transfer the development burden from the state to local governments while creating new incentives at the micro level in order to increase efficiency and production (Mok & Wu, 2013). Therefore, local governments have been allowed to gain a whole array of administrative powers over planning, public works maintenance and commercial administration (Lin & Zhang, 2015). However, the share of revenue and responsibility is not even between national and local government (Han & Kung, 2015).

Half of the revenue coming from locally controlled resources and locally generated fees and charges goes to the budget of the state, while smaller expenditures (around 15 per cent) are transferred back to the local level (Lin & Zhang, 2015). Between 1994 and 2011, the local
fiscal expenditure has exceeded fiscal revenue, and the fiscal deficit has increased 29 times, from 1727 billion yuan to 50 729 billion yuan (National Bureau of Statistics of China, 1998–2012). Therefore, the decentralisation of responsibilities and recentralisation of the collection of tax revenue have overburdened local governments in terms of urban development and PRH provision. In 2011, the state planned to develop 10 million new public housing units, which required an investment of 1.3 trillion yuan, while it had only budgeted 0.103 trillion yuan in total (The Central Government of China, 2011). This represented a significant financing gap that had to be met by the private sector and/or local governments.

In terms of incentives, how state officials evaluate local officials has also had implications for the development of public housing. Criteria for promotion and dismissal has mainly been urban growth and market profits, rather than housing welfare improvements (Li & Zhou, 2005). This has undermined the administrative control of local governments’ implementation of public housing policies, with local government officials often inclined to ignore the state requirements on public housing provision.

A growth-oriented land supply strategy
It has been argued that inter-governmental fragmentation has resulted in local governments having too much autonomy in deciding their land contributions for urban development, resulting a land shortage for developing public housing (Cao et al., 2008; Han & Kung, 2015).

With a limited national fiscal support, high pressures from the state and severe competition among cities, local governments have had to increase their revenue by all possible means. The opening of urban land market since the 1990s economic transition created a great opportunity for local governments to raise money through leasing land user rights to private developers. The income from commercialising land (or Tudi churangjin) belongs to the extra-budgetary revenue which goes primarily to the local budget, but with some flowing to the state. The process of generating revenue from land is termed as ‘land finance’, a strategy whereby the government uses the anticipated price appreciation and the future added tax revenue of land earmarked for urban development to raise capital (Cao et al., 2008). In operation, once governmental planners reallocate the allowed use of a piece of land for development, the market value of the property rises sharply, dozens of times higher than the compensation, while the cost of land acquisition remains low as it is based the current use of the land. Thus, land finance is favoured by local governments as a major revenue source which can be used to further other political objectives. Between 1999 and 2011, the proportion of land finance in the total Chinese local revenue rose from 9 to 60 per cent (Ye & Wang, 2013).
Therefore, as the sole supplier of urban land, in the struggle to achieve a high GDP growth, local governments have been motivated to redirect land into infrastructure development and local industry, which not only boosts local GDP but also creates consistent income through taxes, and have refused to ‘waste’ land on housing development in many cases (Cao et al., 2008; Yao et al., 2014). The other reason for the tight supply of housing land is that the revenue income from leasing land to real estate developers is one-off, and local governments have to ensure an under supply of land for housing development in order to push land prices up.

Policy implementations at the local level

Above, we discussed how neoliberalisation in housing provision has suppressed local government incentives in developing public housing. However, as local governments are still subject to the state supervision to some extent, they have to ‘fulfil’ assigned public housing quotas. Therefore, below we examine various ‘perfunctory’ practices and a new mode of provision emerging across Chinese cities in the last decade.

Various ‘perfunctory’ practices

To ensure efficient local implementations, the state has outlined a series of policies for expanding PRH provision. For instance, in 2008, the state announced a ‘900 billion yuan plan’ for developing public housing (State Council of China, 2008), and, again, in 2010, required that more than 70 per cent of new housing land should be supplied for public housing projects (State Council of China, 2010). In response to the state’s ‘unfunded’ mandates, local governments have often overtly agreed but covertly resisted the national requirements. They have tried various ‘perfunctory’ ways to exaggerate the amount of PRH, while keeping their fiscal subsidies minimal.

In practice, the most convenient strategy has been to count other types of housing as PRH (see Table 3.1). For instance, some cities include low-rent housing, economic affordable housing and capped price housing as PRH (e.g. Guangdong, Henan and Fujian). Also, replacement housing provided for compensating households who lose their home to urban redevelopment (e.g. in Liaoning and Fujian) and employer-provided housing (e.g. Shanghai and Guangzhou) are often counted as PRH. Even some illegal housing built by the private sector on suburban–rural land or in urban villages, are sometimes counted (e.g. Shanghai, Shenzhen). As a consequence, the de jure scale of PRH supply has been larger, while the de facto supply has been very limited (Huang, 2012; Wang & Murie, 2011).
Table 3.1 different types of public housing in China

<table>
<thead>
<tr>
<th>Housing Types</th>
<th>Period</th>
<th>Tenure types</th>
<th>Target talents</th>
<th>Housing sources</th>
<th>Dominant actors in provision structures</th>
<th>De-jure Supply</th>
<th>De-facto supply</th>
</tr>
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<tr>
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<td>Rental housing</td>
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<td>Mainly new buildings</td>
<td>the state--state-owned enterprises the state--municipalities</td>
<td>Large</td>
<td>Small</td>
</tr>
<tr>
<td>Low Rent Housing</td>
<td>1998-2014</td>
<td></td>
<td>Lowest income residents</td>
<td>Old public housing New buildings</td>
<td>Municipalities The state-municipalities</td>
<td>Limited</td>
<td>Very limited</td>
</tr>
<tr>
<td>Economic Affordable Housing</td>
<td>1994-</td>
<td>Owner occupied housing</td>
<td>Middle income residents</td>
<td>New real estate housing</td>
<td>Municipalities-- state-owned-enterprises--property developers Municipalities--property developers</td>
<td>Large</td>
<td>Medium and excludes the public</td>
</tr>
<tr>
<td>Capped Price Housing</td>
<td>2006-</td>
<td></td>
<td>Middle income residents</td>
<td>New real estate housing</td>
<td>Property developers</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>Public Rental Housing</td>
<td>2008-</td>
<td>Rental housing</td>
<td>Low-to-middle income residents</td>
<td>Old public housing Low-rental housing</td>
<td>Municipalities The state-municipalities Employers (e.g. owners of industry parks, government departments, universities)</td>
<td>Massive</td>
<td>Limited and excludes the public</td>
</tr>
<tr>
<td>Owner occupied housing</td>
<td></td>
<td></td>
<td>Employees</td>
<td>Employers build dormitories and apartments</td>
<td>Municipalities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rental housing /Owner occupied housing</td>
<td></td>
<td></td>
<td>Households who participate in urban renewal and land acquisition</td>
<td>Government Replacement housing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Low-to-middle income residents</td>
<td>Other public housing New real estate housing New buildings</td>
<td>Property developers Municipalities--state-owned finance companies Municipalities--state-owned finance companies--property developers</td>
<td></td>
<td>limited</td>
</tr>
</tbody>
</table>
Another strategy is to require property developers to supply 5–10 per cent of their commercial property as PRH. This often works in cities with a sustained real estate market boom and is set as a precondition for property developers to acquire land for their private projects (e.g. in Beijing and Hangzhou). To encourage private sector investment in PRH programmes, local governments also promote a ‘build and own’ practice, which allows developers to hold on to the PRH they build as well as sell it off cheaply to eligible residents after 10–20 years (e.g. Beijing and Jiangxi). However, this strategy provides a very limited amount of PRH compared to the private real estate development it stimulates. Occasionally, local governments may also buy up unpopular private housing and old vacant public housing, and transfer it to PRH use, but again, the contribution is small.

A new provision approach among cities

![Diagram of the new housing provision mode]

The above ‘perfunctory’ practices have released pressures on local governments, but did not resolve fundamental PRH shortages. Consequently, in several cities, local governments started to experiment with a particular new approach in which special state-owned enterprises, namely FCEs, are embedded in a three-layer housing provision model for the financing and construction of PRH (Figure 3.2).
Essentially, the new mode is built for re-strengthening government involvement in the market to facilitate the construction of PRH. Thus, some local governments have realigned themselves behind public housing provision by establishing FCEs as a primary means for achieving state stipulated objectives, and their incentives and stock of land have become key elements for enabling the implementation of this mode.

In terms of the investment structure, in general, the state, local governments and FCEs contribute 10, 20 and 70 per cent of the total investment, respectively (Feng, 2011). FCEs receive local government subsidies and carry out contracts for public projects. As well as borrowing from the national bank, FCEs are authorised to issue government bonds, establish trust funds and gather loans from other social funds under the supervision of local governments. FCEs are also allowed to build profitable properties alongside PRH projects. In return, FCEs spend their profits in funding PRH construction.

FCEs work as intermediate actors between local governments and the private sector, taking responsibilities of supplying land for, investing in or organising PRH construction. They are authorised to simultaneously play the roles of land suppliers, investors, constructors or managers in PRH provision. In this way, the intermediate expenditure of the PRH construction can be minimised. The FCE works as a government body but is economically independent, differing from Work Units in the planned economy, which completely relied on government fiscal input to construct public housing. Therefore, in the new mode, the market offers an environment for FCEs to earn profits, while the government determines how to spend them. For local governments then, FCEs are much cheaper to run as they generate their own revenues (Feng, 2011).

Based on the new mode, cities establish their FCEs in their own ways. In cities with a large stock of land, FCEs are established from the state-owned land storage and supply enterprises, and thus FCEs can raise funds through leasing and mortgaging their land stock. In some big cities, like Beijing, FCEs are not authorised to store land. Local governments then provide land and other subsidies to improve the asset base of their FCEs, with the later largely drawn from ‘land finance’. Thus, the storage of land, whether the government or FCEs, and the power of FCEs have become fundamental to the success of the new mode. Below we examine how the municipality of Chongqing has specifically strengthened its government involvement in the market via FCEs, and has made specific adjustments to land supply practices in order to realise the Chongqing programme on a remarkable scale.

The PRH Programme in Chongqing

The Chongqing programme targeted the construction of 40 million square metres of PRH,
The resurgence of public housing provision in China: the Chongqing programme

about 670 000 units (approximately 60 m²/unit), between 2010 and 2013. It has two FCEs, the company of Urban Construction Investment (Chengtoujituan) (UCI) and the Real Estate Company (Dichanjituan) (REC). Both FCEs are state-owned land storage and supply enterprises, and have been required to use their own assets to raise funds for the programme. The national fiscal input was far too small to support the whole programme, which had an initial estimated cost of 200 billion yuan. The Chongqing municipality worked to solve the remaining funding shortage through a series of measures. On the one hand, half the budget was met by granting preferential policies – on land and taxation – that favoured FCEs. The other half of the budget was met through a combination of a 20 per cent contribution from the municipality and a 10 per cent contribution from the state, with the remaining 70 per cent covered by bank loans, housing accumulation funds and social security funds (Feng, 2011).

To maximise FCEs’ financing capacity, the PRH programme was run in a rather radical way. The municipality put forward the idea of the ‘third hand’: an approach combining public ownership with a market-oriented economy for satisfying public needs (Huang, 2011). Moreover, the municipality even mandated mortgage banks, the Housing Accumulating Fund and the Municipal Bureau of Finance to give priority to FCE’s loan applications. Guaranteed by the municipality, FCEs were empowered to first use their stock of land as collateral for collecting bank loans, and then to repay loans after the construction was finished. The banks even reduced their interest rates as the municipality was not only the main client of the banks but also the administrator of the banks’ other services.

According to Guo, the director of the PRH management bureau in Chongqing, the municipality outlined three approaches to repay the outstanding bank loans in the short-term (Feng, 2011). First of all, an extra 10 per cent of land was distributed to FCEs for developing commercial properties, like banks, kindergartens and supermarkets, around PRH units. The rent derived from PRH tenants and commercial properties renters was estimated to be 6.6 billion yuan per year which would be sufficient to cover the annual interest of the bank loans (5 billion yuan) and management expenses of the PRH programme. Second, the sale of commercial properties was estimated to bring in 40–60 billion yuan, equivalent to 60–85 per cent of the bank loans. Third, as PRH can be purchased by sitting tenants after a five-year rental period, earnings from sales would also, in the short-to-medium term, be used to repay the loans.

The realisation of the new mode in the Chongqing programme was arguably due to two factors, the unusual incentives and powerful capacities of the municipal officials behind the FCEs and the large land stock of the FCEs. Below, we examine these two factors at length.
Migrants and the New Stage of Public Housing Reform in China

Unusual incentives and capacities of the municipal officials

As we have discussed earlier, in general, there is a persistent mismatch between the state’s desire and local government needs in the sphere of public welfare (Faguet, 2004; Lee, 2000; Wu & Webster, 2010). However, in the Chongqing case, local and national governments ostensibly appear to have reached a successful agreement on the PRH provision. The agreement was related to the unusual incentives and power of the municipal officials.

To begin with, Chongqing is different from other cities. As the only Western Chinese city directly controlled by the state, Chongqing has been positioned as the major economic growth point of the vast, previously untapped, western China region, (Ministry of Housing and Urban-rural Development in China, 2010). Chongqing officials, therefore, have been under greater pressure, but have also been given more autonomy to make reforms (Lafarguette, 2011).

More specifically, the municipal officials in Chongqing, especially Mr. Bo Xilai, the secretary of the Communist Party’s Chongqing branch between 2007 and 2012 (Cheng, 2013), were comparatively more powerful and particularly motivated in supervising FCEs in the construction of PRH. The PRH programme actually served Bo’s political incentives rather than the public good. Bo is a former Chinese politician. Through his tenures as the mayor of Dalian, he had been particularly successful in establishing his political credentials at the 17th party congress in 2007, and between 2007 and 2012, he had planned to use his mandate in Chongqing as a platform to significantly further his own political ambitions, using his successes in Chongqing to bid for a seat at the top table of Chinese politics at the 18th party congress in 2012 (Gore, 2012). However, in 2013, he was subsequently convicted of corruption and sentenced to life in prison.

Bo established four core policy areas in his campaign to win local support (in Chongqing) as well as muster wider political recognition: improving local welfare conditions; maintaining a double-digit GDP growth rates; fighting organised crime and reviving the ‘red culture’ of Mao. In context of these objectives, the giant PRH programme became a crucial project that officials could tout in terms of promoting welfare equality and expanding welfare provision. In fact, the programme and reforms related to PRH also met Bo’s economic goals by stimulating local economic growth and sustaining the necessary labour force for the continued growth of urban industry. During a rapid phase of urbanisation and industrialisation that has made it a base of manufacturing in China, Chongqing has had an exceptional need for workers and land compared to most other cities (Huang, 2010). The municipality estimated that investment in the PRH programme (110 billion yuan) would boost GDP by 400 billion yuan, and reforms related to the programme would also attract 910 000 untapped rural labourers to urban industry (Xinhua net, 2011), strengthening Chongqing’s competitiveness in
attracting large foreign investment and helping further its case as the centre of future manufacturing in China.

_A distinctively large stock of land for raising funds_

While most Chinese cities face land shortages when developing commercially profitable industries (never mind public housing development), rurally isolated Chongqing has an unusually ample stock of land, which it has increasingly begun to ‘bank’. The core idea of land banking is to transfer the ownership of land to local governments so that they can make profits through directly leasing land to property developers or raising mortgages on the stock of land (land-based mortgage). As the largest and most economically underdeveloped city region in China (80,000 km²), Chongqing has access to a large rural hinterland and a large surplus of rural workers. Thus, the unique combination of rural land and potential labour force provided significant opportunities for the municipality to accumulate swathes of undeveloped land at very low prices, as well as urbanise and industrialise rapidly (Lafarguette, 2011).

In Chongqing, UCI and REC act as FCEs, and are specific agents (established in 2002 and 2008, respectively) for collecting and consolidating plots of land. In practise, the municipality authorise FCEs to collect land located in planned construction zones and confiscate the unencumbered land supplement. By consolidating the land and making it ‘developable’ – by combining plots of land together and providing basic infrastructure (e.g. road access) – local authorities can effectively manipulate significant price increases. Consequently, by 2012, UCI and REC had already stored 200 km² of land, enough to meet expected Chongqing demand until 2022 (Feng, 2011). Guo Tangyong, the head of the PRH management bureau, indicated that the local government could comfortably dedicate 10 per cent of this stock of land for PRH construction (Feng, 2011). Moreover, if needed, the whole stock of land could be used for raising loans for the PRH programme.

Land banking is regarded as a costless strategy because the mortgage raised on the stored land is always used for buying more plots of land, and both the anticipated price appreciation and the future added tax revenue of the ‘new-bought-in’ land can be used to repay the loans of the ‘previous-bought-in’ land. Since the start of land banking in Chongqing in 2002, the land finance of the city rose from 0.2 billion yuan to nearly 90 billion yuan by 2012 (Time weekly, 2013). In order to promote land banking, some specific local reforms like the trade of ‘dipiao’ and _hukou_ reform have been particularly important, as set out below.

_The trade of ‘dipiao’_

In order to get more rural land stored in the ‘bank’, in late 2008, Chongqing made a first, tentative attempt to link the rural and urban land markets via a warrant-like certificate, the ‘_dipiao_’ (Time weekly, 2013). The ‘_dipiao_’ is like a ‘right to develop’, which allows property
developers who want to build on greenfield sites close to urban areas to buy the ‘right’ from rural communities who have converted their construction land back to agricultural land elsewhere. The municipality promoted the trade of ‘dipiao’ as a means to balance urban–rural construction land usage without causing any loss of farmland (Romain, 2011). To some extent, it seems that all sides won in the trade of ‘dipiao’. Property developers such as manufacturing firms, investment companies and commercial real estate companies, are buyers of ‘dipiao’ as it allows them to develop land in addition to their land quotas. Farmers, especially those whose houses are located in remote and poor areas and are keen on the scheme as they can cash in the value created by urban expansion, and receive around 85 per cent of the proceeds from the sale of ‘dipiao’. Rural districts officials who represent farmers in land trades receive the remaining 15 per cent. By 2015, in Chongqing, the trade of ‘dipiao’ had provided rights to develop over 100 km² land (People, 2015).

**Hukou reform and opening the PRH access to migrants**

The other policy supporting land banking is the *hukou* reform. *Hukou* is the household registration system that was enacted in China in 1958, and which stated that for all PRC nationals in mainland China, their personal *hukou* status would be classified in terms of their original residential location (‘agricultural* hukou*’/‘non-agricultural* hukou*’). Restrictions placed on access to local welfare services by the *hukou* system have, for a long period, represented the biggest obstacle to migrants in establishing themselves in cities and been a major source of social inequality.

Following national *hukou* reforms, in 2010, migrants from rural parts of Chongqing have been encouraged to transfer their *hukou* from agricultural to non-agricultural status (Municipal People’s Government of Chongqing, 2010). This involves migrants giving up their ‘rural assets’, including their rights to housing and farmland in their official place of origin, and transferring them to the local authority. Three million rural residents are expected to have transferred their *hukou* status between 2011 and 2013, and 10 million by 2021 (People’s Daily, 2011). This also meant that around 340 km² of rural land could be collected by the Chongqing municipality for potential construction and future land finance (Huang, 2010). In this regard, the reform actually worked to support the programme of land banking, as well as sustaining the labour force supply to the city. Moreover, through opening up PRH access to migrants, the programme has stimulated migrants to transfer their *hukou* status and settle down in the city centre. In the first year of the *hukou* reform, 40 per cent of the PRH were allocated to participants in the *hukou* reform scheme (China News, 2011).
Discussion

The above analysis demonstrates that conditions for the realisation of PRH programme in Chongqing were politically, economically and even geographically special. It seems that the Chongqing programme has ostensibly met national requirements for establishing public housing and stimulating the economy, while also improving the quality of people’s living conditions (State Council of China, 2008). However, after Bo’s downfall, many of the so-called ‘innovative’ reforms which facilitated the PRH programme have been proved to be fraud. Concerns should also be raised over equity issues and the longer term feasibility of these special reforms. Meanwhile the role of the municipality in restructuring its inter-actions between the market and the state should be critically discussed in order to better understand the influence of neoliberalisation in Chinese public housing provision.

The feasibility of reforms supporting land banking

(1) Concerns over the land-based financing strategy. Since 1992, Chinese local authorities have started to outline legislation for storing, as well as leasing and mortgaging land for urban development. For decades, land-based finance had been treated as an efficient and convenient strategy to sustainable funding for local urban development (Ye & Wang, 2013). Meanwhile, scholars have also criticised the equity issues and the feasibility of these approaches (Ye & Wang, 2013).

First, according to regulation, land banking should be carried out on behalf of public interests. However the public, per se, are largely absent in this process. Regulations on land-based financing strategies prohibit individuals from directly transferring land user rights to property developers through the market. Moreover, in the process of land banking, farmers have had no right to dispose their plots but could be forced to give up their land and move to cities or other rural areas. Local governments determine lease prices and compensations in land banking and land leasing. They pay the compensation based mainly on the original use of land, which is much lower in value, while leasing land at prices based on the anticipated appreciation. Thus, earnings from land banking/finance are artificially exaggerated in a quasi-market environment. As landless rural migrants have gradually become aware of the increasing value of land in urban expansion, they have increasingly demanded equal citizenship to local residents and greater compensation from the government. Conflicts between land bankers and owners of land have deteriorated, and this may potentially undermine the excess profits from land finance.

Second, to keep the anticipated land value appreciation high, local governments have to maintain a stable market and positive economic growth. Once the market is disrupted or the economy deteriorates, fluctuations are also likely to affect the ability to raise funds through
the land-based funding strategy. For example, during the second Asian economic crisis, land finance in Chongqing only increased by 11 per cent billion (from 28 billion in 2007 to 31 billion in 2008), but jumped to 131 billion by 2011 as the government increased its domestic investment to sustain the market (Chongqing Municipal Bureau of Statistics, 2008–2012).

Lastly, as cities keep expanding in China, big cities are facing growing land shortages for developing commercially profitable industries (never mind public housing development). Problems of relying on land-based finance to fund urban development are thus likely to become a more serious concern (Cao et al., 2008).

(2) Concerns over the trade of ‘dipiao’. According to land management law, rural land is protected from being sold for developing urban industry, which makes urban land more valuable during rapid urbanisation, while the vast stock of rural land remains cheap and underused. Cities have recognised the value of rural land for urbanisation, but before using it, they have to legally transfer the status of land from rural to urban. Within this context, in 2008, Chongqing and the city of Chengdu, south-east of Chongqing, were first authorised as pilot regions to experiment with reforms to integrate rural and urban land markets. This gave Chongqing a chance to promote the trade of ‘dipiao’. Later on, other local governments also started to trade ‘dipiao’, but at a small scale, within their provincial boundaries.

However, there remains caution regarding the trade of ‘dipiao’. First, if a quota target is set, the trade may potentially turn into a forced relocation programme, which might quickly be exploited by rapacious local governments and developers, while ignoring the will of land owners. Second, it is feared that farmers may be persuaded to sell their holdings at less than market rates unaware of land values. Third, as some landless farmers may not be able to adapt to the city life, the number of poor, landless peasants may soar, creating larger social instabilities. Another concern is that the quality of land brought back into cultivation in remote areas may not be as high as that lost.

(3) Concerns over hukou reform and opening PRH access to migrants. In China, although, the requirement of including migrants in the social welfare system has been indicated in national documents, no concrete regulations have been enacted at the local level. The linkage between local hukou and local housing welfare systems is still largely intact (Huang, 2012). In Chongqing, the municipality promoted hukou transfer as a means to eliminate the division between rural and urban areas and to open access to full citizenship for migrants. However, in reality, the reform mainly targeted migrants who have already been working in urban areas for 1–5 years, which means the reform intentionally collected idle rural land without attracting more people.

Another concern is that reforms surrounding hukou may be storing up troubles for the future. For rural residents, their rural assets are passed on from generation to generation,
meaning that the whole family can live on, and benefit from, the land in perpetuity. However, 
*hukou* reform takes their rural assets over permanently. Although migrants gain some one-off 
compensation and have more rights to public services in the city, most of them become 
economically insecure and vulnerable to periodic unemployment. In 2008, the global financial 
crisis provided some cautionary illustration of this for Chinese governments when around 20 
 million workers returned to the countryside (People, 2009).

*Powerful government involvement in the Chongqing programme*

(1) Concerns over the political distortions. The unusual political incentives surrounding Bo 
Xilai’s administration and the government-lead operation of FCEs have been keys to the 
realisation of the Chongqing PRH programme (Cheng, 2013). They have also set the 
Chongqing programme apart from PRH programmes in other cities. After the downfall of Bo, 
many of his programmes were dis-continued due to their association with the Chinese New 
Left (Gore, 2012). Although the PRH programme has been continued by the incumbent mayor, 
Mr Huang Qifan, it is not carried out in such a radical way anymore. Concerns have been 
raised regarding extreme or relatively unsustainable practices derived from the political 
distortions of the Bo Xilai era.

First, as goals behind the programme were mainly political and growth-oriented, since 
the downfall of Bo, the sustainability of PRH has been questioned and repayments to the high 
debt associated with the PRH programme has become a concern. In order to gain 
significant political traction before the 18th party congress in 2012, Bo changed the PRH 
project duration from 10 to 3 years (Official Website of the Chongqing PRH, 2010, 2011), 
meaning while many buildings were started, construction was not always finalised or finished 
off properly. With the downfall of Bo, and diminishing municipality authority, the 
construction of PRH also became much slower. By the end of 2016, only around 37 per cent 
of the project will have been finished and allocated to residents (Xinhua net, 2016). Moreover, 
at the beginning of the programme, the government announced that, from 2016, bank loans 
should have started to be repaid by selling PRH units to sitting tenants after a five-year 
renting period. However, by the end of 2015, no relevant regulation had yet been announced. 
Unless the government pursues other further financing strategies, it is unlikely that the loans 
will be repaid on time. Moreover, in context of an unfinished programme, FCEs might 
struggle to repay bank loans and acquire additional market capital. They may also have 
difficulties in getting additional loans to build further commercial and residential facilities in 
the newly built PRH communities. It has been revealed that most PRH neighbourhoods still 
have poor access to public transport, and lack kinder gardens, supermarkets, etc. A survey 
shows that satisfaction of PRH has been low (Kaifeng Foundation, 2011; Yan, 2014).
Another concern is whether such a programme has really benefited the general public. In 2011, at the first round of PRH allocation, of the 250,000 interested applicants, only 9 per cent were eligible. It was also reported that the rent of PRH units was too high for most low-income applicants to afford. Chongqing subsequently relaxed the rules to allow almost every income group to apply for PRH (Sina Finance, 2011). While this has made the PRH programme more popular, a large number of PRH has already been occupied by middle- to higher income families. Moreover, in order to highlight the achievements of Bo, the municipality has often exaggerated official statistics in regard to the amount of PRH built. For instance, from 2010 to 2011, 18,000 of housing built by either non-public providers or remote counties was counted in the total amount of distributed PRH (110 thousand units) (Chongqing Morning Post, 2011). With the downfall of Bo, FCEs’ ability to get financing decreases. Thus, the government has to rely more on the manufacturing companies to build more new PRH in order to maintain a stable production of PRH, and unfortunately, these houses will only be provided to employees of the factories and other commercial enterprises.

(2) Concerns over FCEs and state-market interactions. In general, FCEs are legacies of both planned socialism and market-oriented capitalism. They are also comparable to the three primary actors of social/public housing provision in Europe: housing associations (e.g. the Netherlands), municipal housing companies (e.g. Sweden) and municipal departments (council housing in the UK but also Vienna). They work for local governments, like municipal housing companies and municipal departments, and also reinvest their profits on public affair related activities in a relatively non-profit way.

However, FCEs in Chongqing only appear to be economically independent like housing associations, but do not actually participate in market competition. Nor do they have to compete for banking finance. While it has ostensibly appeared as if the market voluntarily enlarged its participation in PRH, FCEs have used their authority to force market capital flows into the budget of the PRH programme. Banks and social funds are subjects of municipality authority and have to please government officials. Therefore, the function of FCEs in Chongqing still reflects many features of the former planned economy (Cheng, 2013). This kind of state–market interaction will be difficult to replicate in other cities unless there are also strong political and economic incentives. What’s more, the function of the market is also not sustainable in such an interaction. This goes some way to explain why no other city has as yet managed to construct such a large amount of dwellings or repeat the apparent successes of the Chongqing programme.
Conclusion

To sum up, this paper has assessed ongoing changes in PRH provision in China, and in Chongqing in particular. We have examined the preconditions for, and provision mode of the PRH programme in Chongqing, which has been the first municipality to come close to achieving an adequate supply of PRH, as stipulated by national policy. Based on our analysis, three factors have been keys to the realisation of Chongqing’s PRH programme: the specific political conditions and incentives of municipal officials, the powerful capacities of FCEs and the distinctively large stock of land for raising funds for housing. However, there remain concerns over the feasibility and sustainability of this programme in Chongqing. These relate to land-based financing approaches; hukou and ‘dipiao’ reforms; radical policy practices driven by distorted political incentives under Bo Xilai, and the long-term enablement of socialist state–market interactions.

Positive publicity surrounding the Chongqing programme proliferated in China until the downfall of Bo. It has been regarded as an unprecedented success, and as such, the continuation of Chongqing’s public housing programme has important implications for PRH development in China overall. First, it shows that, even under the current market-oriented housing system and the decentralised public housing provision scheme, there is potential for local governments to extensively expand their supply of public housing. Second, it illustrates how, in the Chinese context, the efficient development of public housing can be driven by the strong political and economic incentivisation of government officials. The state may have been sensitive to this, and since the emergence of the Chongqing programme, more policies have been announced that tie local government achievements in PRH to the evaluation of their performance. Consequently, there has been a wave of expansion in PRH provision across Chinese cities and provinces. However, there is also an awareness that the political and economic incentives behind the Chongqing PRH programme have been unique, and it is likely to be impossible for other cities to precisely mimic the Chongqing approach.

With respect to understanding of state–market interactions in providing public welfare, the Chongqing case indicates that, under the socialist regime, instead of extending the free market, local governments in China may choose to strengthen their control of the market to enable greater cooperation between governmental and market actors in reviving public housing provision. The reconfiguration of land and housing development around promoting urban labour supply, arguably reflects features of East Asian ‘productivist welfare’ (Holliday, 2000, Ronald and Doling, 2010). Chen et al. (2014) nonetheless, argues that the revival of public housing provision in China also signals transformation from a ‘productivist welfare’ to ‘developed welfare’ approach. The municipality of Chongqing has also been entrepreneurial
(Duckett 2001), operating within the parameters of ‘local state corporatism’ or ‘local state marketism’ (Walder, 1995; Fu & Lin 2013; Oi, 1995). The analysis also meets Wu’s argument (2010) that Chinese style neoliberalisation has again led to unpredictable outcomes in terms of the interaction of capital and the state in the sphere of housing, with public housing needs met by adaptations to the market within China’s urban growth machine.

Disclosure statement
No potential conflict of interest was reported by the authors.

Funding
Richard Ronald’s contribution to this article has been supported by the European Research Council [ERC Starting Grant HOUWEL, Grant Agreement No. 283881].

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4. Migrant preferences and access to public rental housing in Chongqing, China

This chapter is based on a manuscript under review of a peer-reviewed journal. Co-author: Sako Musterd

ABSTRACT Since 2010, a fundamental transition in the Chinese housing system has been the policy of opening access to public rental housing (PRH) for Chinese (intra-national) migrants. While migrants are increasingly stating that they have a preference for public rental housing, some of them did not act out such a desire while others have been insistent on it. Responding to a lack of understanding of the relationship between migrants and the public rental housing regime, the study examines three stages of migrants’ access to public rental housing with a focus on exploring individual and housing differences between migrants. The three stages comprise (1) migrants who stated a preference for PRH; (2) migrants who translated the stated preference into action; and (3) migrants who persisted in the PRH application, those who applied four times or more, and those who gave up applying for a PRH after having applied one-to-three times. The study combines survey and statistical data from Chongqing, the first city to extensively offer migrants equal access to public rental housing at a broad scale. Results reveal that migrants with inter-provincial hukou, lower income, bigger family size, more urban relatives and an expectation to improve housing conditions were more likely to state a preference for PRH and eventually realize such a preference. However, although migrants with unstable occupations also stated a preference for PRH, the application criteria restricted them from continually trying to realize their preference. Difficulties in commuting and concerns on success rate and policy stability hindered migrants to translate their stated preference for PRH into action. The consistent application for PRH was more likely to relate to the desire for single family, central located and bigger housing, while these desires and the PRH provision did not match.

KEYWORDS: public rental housing (PRH); migrants; housing preference and choice; China

Introduction

The right to housing, especially affordable housing, has been highlighted as a political and socio-economic human right alongside other social rights. This has deeply influenced the socio-economic integration and settlement of urban residents (Fenton et al., 2013). As
demographic restructuring took place in many countries, housing choice of and housing assistance for specific groups of vulnerable residents, like the poor, elderly, younger adults, ethnic minorities, and immigrants, have received ample attention (Ferguson, 2012; Musterd et al., 2017; Ronald, 2017). However, these interests rarely stretched to studies on Chinese internal migrants until the establishment of the newest national master plan that for the first time has determined to provide migrants with equal access to public housing, the New Urbanisation Plan (Wang et al., 2015; Zhou, 2018). Prior to the reform, due to the household registration system (hukou) that was established in 1958, migrants usually were more or less forced to passively choose from the inferior available options, that is: between employer supplied housing and inexpensive private rental housing (Wu, 2004; Wu & Webster, 2010). Hukou implies that for all PRC nationals in mainland China, their personal identity is classified based on both their original residential attribute (‘agricultural hukou’/’non-agricultural hukou’) and the region of registration (local/non-local). The distribution of local resources is linked to the hukou status of residents, which means large numbers of migrants who enter urban areas who are not allowed to obtain a local non-agricultural hukou status are not eligible for local citizenship and services such as access to housing and welfare benefits.

In 2014, the migrant population in China increased to over 253 million, sharing over 34 per cent of the urban population (NBSC, 2014). The inflow of migrants resulted in a significant amount of cheap labour, giving rise to rapid urbanisation and massive industrialisation in Chinese cities. To sustain the economic growth and to create sustainable communities, the Chinese state has been obliged to adopt policies that could cope with the housing needs of migrants (Huang & Li, 2014). Initial attempts relied on companies to provide housing assistance to migrant employees (Li and Duda, 2010; Zhou & Ronald, 2017 a), but more recently policies have been developed to include the whole migrant population in the public rental housing (PRH) scheme as it is in place since 2010 (Chen et al., 2014). The PRH policy has been advocated as crucial in addressing migrants’ marginalized position in the housing system, as, in principle, it eliminates the hukou discrimination and treats migrants as equal to local residents (Wang et al., 2015). Compared with employer supplied housing and private rental housing, PRH offers migrants relatively inexpensive and decent housing with a stable rent, and in some cities, migrants are even allowed to purchase their dwelling at discounted prices after having rented for several years (Tan, 2012; Zhou & Ronald, 2017 a). The government alleged that the policy would improve the urban integration of migrants, and bring further changes to the demographic and economic landscapes of urban China (Zhou, 2018). However, in other countries in which affordable social/public housing has been developed to solve housing problems of vulnerable residents, researchers have raised
criticisms that the provision of such housing may fail to meet the housing needs of the poor and also that it may create a concentration of the urban poor (Chen et al., 2013; Hegedus et al., 2013). Therefore, there is an urgent need to raise questions about how Chinese migrants fare in the new housing context (Chen et al., 2013). To answer this question we will explore migrants’ attitudes towards participating in the PRH scheme, and how the PRH policy influences their housing choices and preferences.

However, although in recent years, the Chinese state has put more efforts in developing China’s public housing sector and related housing policy, implementations of the new policy have been poor at the local level. Relevant studies mostly had to conduct surveys within a hypothetical policy context (Hui et al., 2014). Studies mostly agree that opening up access to PRH for migrants would reduce social inequalities and encourage migrants to integrate in cities (Wu, 2004; Huang & Jiang, 2009). Meanwhile, domestic studies have tried to find determinants of migrants’ access to PRH, but findings are undetermined so far (Yang & Tan, 2011). Academia and social media have triggered ongoing debate on whether migrants would move from their current low-cost housing to PRH (Hui et al., 2014). This study attempts to offer timely and valuable insights into understanding recent migrant’s preferences and access to PRH.

The paper compares key determinants of the preferences for and access to PRH of Chinese migrants. The hypothesis is that the influence of the key determinants varies between those who are stating a preference, those who are putting that preference into action, and further those who are continuing the action. The inconsistency of these influences indicates that there is a mismatch between migrants who prefer PRH and who benefit from the PRH policy. This contributes to the understanding of the extent to which the PRH policy has provided assistance to migrants of different demographic and socio-economic status and with various housing needs. The analysis differs from previous research in two respects. First, the paper provides an understanding of the three steps in the whole process of getting access to PRH. We developed a series of binary logistic regression models to estimate the three stages. Second, the paper is based on data that was collected from the city of Chongqing, which was the first city that extensively provided migrants with equal access to PRH on a broad scale. Thus, it is the first research that used the revealed household level data collected from the entire migrant population in the study area to study the access to PRH among migrants. The analysis uses both the survey data conducted with 546 migrants in 2013 and official release data about the 7th to 17th application of PRH between 2013 and 2016.
Migrants and the New Stage of Public Housing Reform in China

The Research Context

Migrants and their marginalized position in the housing system

The focus of this study is on Chinese intra-national migrant households who move to other localities for work but maintain the hukou of their registration place, excluding migrants who move in cities involuntarily due to land acquisitions. Since 1978, with a rural–urban surplus labour force dominating the population, migrants have steadily moved to cities. Higher wages, better job opportunities and the promise of a decent urban life were main attraction factors. Early migrants were often seen as young, single and low educated; as having a high level of residential mobility, a limited sense of belonging and an orientation towards employment seeking; and as generally receiving low wages from low-skilled and low-paid jobs that local residents despised, mainly in the manufacturing and construction industries, and in housing and catering services (Wu, 2004; Li et al., 2009; Wu & Webster, 2010). They have played an essential role in ensuring a sufficient supply of inexpensive labour for the fast development of urban industry in China, but were mostly identified as ‘second-tier citizens’. In the past two decades, the profile of the migrant population diversified with the emergence of higher educated migrants who have grown up with nearly no farming experience and economically advantaged migrants who are moving up the career ladder after a long stay in cities (Li, 2010; Cui et al., 2015). These migrants bear more resemblance to local residents in terms of socio-economic status and their aspirations for social-integration, but they also show internal variation. Therefore, recent research has paid considerable attention to the differences within the migrant population.

While the socio-economic status of migrants improved, the housing conditions they were confronted with, did not follow in parallel, or even degraded due to house price inflation in big cities (Wu, 2004; Logan, et al., 2009). Private rental housing, from either private landlords or employers, has been the major option for migrants. Experiences with overcrowding, short and unstable rental periods, informality, poor quality housing, a lack of options and amenities, and affordability problems have been common for migrant housing (Wang, 2000). Such housing situations have significantly contributed to their depressing economic status and insecure lives. Many felt they could not escape their ‘floating status’. This implied their lives continued to be driven by plans to go back to their hometowns. This induced a ‘saving orientation’, which had big impacts on their housing decisions (Li & Duda, 2010). Another essential factor that has made migrants passive and subordinated in the housing system was the hukou barrier that prevents affluent migrants from purchasing owner-occupied housing and forbids low-to-middle income migrants access to housing welfare (Wu, 2004). In reality, since the economic transition in China, beginning in the late 1970s, public housing
has been in short supply for the whole Chinese society (Zhou & Ronald, 2017 b). The housing market in China has been dominated by a market-oriented regime, creating an over-heated real estate market with distorting housing provision and significant affordability problems. Between 1998 and 2008, the private real estate industry saw its annual growth rate (by floor space area) reach 20 per cent; for public housing, the rate fell to 0.3 per cent (NBSC, various years).

PRH, national policy, local variations, and Chongqing

To cope with the increasing housing demands of urban low-to-middle income residents, since 2008, the Chinese state has adopted various new strategies to revive public housing provision and curb house prices inflation (Chen et al., 2014; Wang & Murie, 2011). A core means is to develop PRH as the largest and most flexible form of housing targeting both local residents and migrants. So far, PRH has been the only type of official rental housing open for migrants. The scheme closely links to several national socio-economic strategies (Wang, 2000; Huang & Tao, 2015). First, the state expects that it helps with reducing the housing inequalities between migrants and local residents, and improves housing conditions for migrants. Eventually, it helps to maintain a sustainable inflow of migrants for on-going urbanisation and industrialisation. Second, both the massive construction of PRH and the increasing inflow of migrants were expected to stimulate domestic consumption, and further help China to deal with economic and financial shocks (Wang et al., 2015).

In 2014, the New Urbanization Plan (2014-2020) further emphasized the scheme, and soon in 2015, another type of public housing, low-rent housing, which targets the really poor local residents, was merged into the PRH scheme (MOHURD, 2013). However, the construction of PRH has been suppressed at the local level due to a lack of material inputs from both national and local governments (Wang & Murie, 2011). To meet the state directives, local governments have counted every possible resource of housing as PRH. For instance, they require employers to build or rent PRH for their employees, and asked real estate developers to provide 5 to 10 per cent of their newly built commercial housing as PRH. Moreover, they buy old public housing, vacant and unpopular commercial housing, and even housing without full ownership rights and count these as PRH (Zhou & Ronald, 2017a). In 2010, the city of Chongqing was the first to establish the largest programme to allow residents from all hukou categories to apply for PRH. The programme targeted the construction of 40 million square meters of PRH, about 670,000 units (approximately 60 square meters per unit) by 2013 (Zhou & Ronald, 2017 a). By the end of 2016, the housing management bureau has received over 983 thousand applications, and 306 thousand households have moved into
PRH, equivalent to nearly nine per cent of the total households in the core of Chongqing in 2015; 48 per cent of the tenants were migrants (NDRC, 2016) (HMBC, 2012-2016).

Different from other cities, PRH in Chongqing has been newly-built rather than ‘recycled’. Moreover, the construction and allocation of it has been under the direct control of the public sector, which has made the whole work more efficient, but also, in many respects, more radical (Zhou & Ronald, 2017a). Regulations regarding access to PRH usually relate to income limits, stable occupation, a one-to-five year working experience, pension payment, etc. In Chongqing, the rules controlling access to PRH have been largely relaxed: applicants only need to be over 18 years old, have a stable job and have made pension payments for at least six months. The rent is designed to be very low (60% of the market price). Specifically, the programme is ownership-oriented. In 2010, the government announced that PRH would be available for sale to qualified low-to-middle income households at a discounted price after a five-year rental period. However, until now (2018), relevant regulations have not been announced. The strategy behind the policy is to repay the large bank loans via selling out PRH.

Except for two central located pilot projects, mingxinjiayuan and kangzhuangmeidi, other PRH projects are located in suburban areas undergoing development or in areas near industrial parks. Domestic research shows that the development of the facilities and surroundings subsequently fell behind the construction of PRH. Residents are, in general, unsatisfied with basic services such as health care, preschool education, cultural and sports facilities, and public security in PRH communities (Gan et al., 2016). Nevertheless, by now, no other city has either realized such a massive supply of PRH or provided such a relaxed housing policy for migrants as Chongqing did. From this perspective, Chongqing represents a good case for both policy makers and academia to understand the relationship between migrants and the PRH policy.

**The analytical Framework**

Based on literature on residential mobility, housing choice and housing preference (Cui et al., 2015; Jansen et al., 2011; Mulder, 1996; Rossi, 1955), we select key factors related to housing behaviour to estimate their roles in the process of developing a preference and getting access to PRH in Chongqing. These factors include expected utilities of future housing, previous housing experience, policy perceptions, institutional status and a series of life course variables (table 4.1). Our analytical focus is on comparing how the impact of these factors changes between the three stages of accessing PRH in Chongqing: preference; action; and repeated action.
The process of housing access, especially the gap between the original housing plan and actual behaviour has attracted a great deal of attention (De Groot et al., 2011; Jansen et al., 2011). Theories of these perspectives are thus included in the paper. We suspect that the final stages of the process are more complicated and significant regarding really getting access to PRH. After having stated a preference for PRH it is not just a matter of taking action to rent a dwelling; in the Chinese context, as in many other contexts, housing demand is much higher than housing supply (Gottschalch, 2015). Therefore the authorities have installed a lottery system in which potential renters can participate repeatedly, if they wish. As the PRH programme is ownership-oriented, we assume that those migrants, who consider realizing their dream of becoming a homeowner via buying PRH, may have been very persistent in applying for PRH. By contrast, those migrants who only applied one to two times might only treat PRH as an alternative of rental housing. To be able to measure the eagerness of migrants to access PRH, in this paper the revealed preference for PRH is indicated by two types of action: taking action after the stated preference; and analysing the frequency of participation in the lotteries. In short, three steps in the process of accessing PRH will be studied: (1) the very beginning, where migrants state a preference for PRH (stated preference); (2) the next step, whether the stated preference was put into action (revealed preference); (3) the further step, where we distinguish between those who dropped out without having won the lottery after having applied one to three times; and those who applied at least four times (including those who won, those who dropped out and who continued the application). This will show how eager migrants are to access the PRH and this can also be interpreted as a form of revealed preference.

The general assumption has been that a household makes decisions regarding housing based on institutional and market conditions, their (dis) satisfaction about previous housing, and housing demands associated with their position in the life course (Cui et al., 2015; Mulder, 1996). In this paper, the essential institutional and market condition in Chongqing has been the policy of opening access to PRH for migrants. Although this holds for the whole of Chongqing, and thus also for all potential renters, the perception of what this means for housing access opportunities may differ widely between migrants. As said, a range of factors may impact on the stated and revealed preferences. Hereafter we will more elaborately introduce the factors we derived from the literature as essential to include in the models explaining variation in stated and revealed preferences.

Understanding policy
Individual’s understandings of the institutional and market conditions appear to have essential impacts on housing preference (Jansen et al., 2011). Uncertainty on the success rate, eligibility
and policy stability all hinder migrants to access PRH. Thus, the model includes concerns regarding the PRH policy as an independent variable. Concerns are divided into those regarding the success rate of lotteries, those regarding eligibility, and those about the stability of PRH policy; people may also say that they have no clear concerns.

Housing related factors

In the decision-making process, comparisons between attributes of previous housing situations with those of the preferred housing are essential (Jansen et al., 2011). Migrants make decisions based on how well a preference for PRH matches the expectations of their ideal housing. The previous housing tenure is included in the models, because this may stimulate the move to PRH, but also may be a factor withholding migrants from a move to PRH. It makes a difference whether people change from employer supplied housing to PRH or come from private rental housing and opt for PRH. Employer supplied housing usually means accommodation for free and easy commuting, and both factors may be very attractive for less affluent migrants, and in comparison with a situation in which they would come from private rental housing.

Expectations towards their potential new housing situation, in terms of the rent level, and the distance to work or to the school of their children, as well as towards the housing conditions are also included (Jansen et al., 2011). Previous research has shown that improved commuting conditions and the possibility to accumulate wealth gain priority in the housing decision of migrants, while they usually compromise on housing conditions (Huang and Tao, 2015; Li and An, 2009). We assume that migrants intend to get higher quality housing than they had before. However, previous findings are only tenable in the old context, within which the private housing market failed to provide migrants housing that meets their demands on location, cost and conditions at the same time. Moreover, utilities of PRH are also included in the models, like the housing size (indicated by the number of bedrooms), location (divided into Centre, suburb and near industrial parks) and renting condition (in a shared apartment or in a single apartment). These factors reveal the specific housing preferences that migrants aim for.

The hukou status

Studies in western societies pay specific attention to residents’ legal status for accessing certain types of housing (Daly, 1996). Studies on Chinese migrants have considered the hukou status as the most prominent factor causing housing divisions for migrants and marginalisation for some (Li et al., 2009). In the contemporary housing context, although the role of the hukou has gradually decreased (Duda & Li, 2008; Tao et al., 2015; Hui et al., 2014), the influence of the dichotomy between intra-provincial and inter-provincial migrants
still exists (Zhou, 2018). Thus, specific attention is also paid to the *hukou* status in this paper. Intra-provincial migrants indicate a stronger sense of belonging in Chongqing, and more importantly, if they agree to participate in the *hukou* reform, exchanging the ownership rights of their rural assets for local *hukou* (non-agricultural *hukou*) in three to five years, they gain privileges in accessing PRH. We expect they will be more likely to participate in the PRH programme.

**Control variables**

Key factors that represent the demographic situation, socio-economic stages and migration strategies of migrants are included as control variables. The emerging differentiation of stages in the life course of migrants has led to more complex housing outcomes than experienced before (Cui et al., 2015). Gender, cohort differences and the formation of families appear to relate to housing decisions, and thus we included age, gender, family size and family structure in the models (Li, 2010). Urban kinship, income level, education, occupation status, and duration of stay all influence the housing decision making process of migrants as well, since they affect their housing affordability and the adaptation to city life (Tao *et al.*, 2015; Wu, 2004). When migrants better adapt to living in cities, it is more likely that they move from migrant-concentrated rental rooms or dormitories to more general local private rental dwellings (Li *et al.*, 2009). However, these findings are based on private housing market experiences; with regard to access to PRH, migration strategies may differ. In Shenzhen, more recent migrants were found to be more likely to express a preference for moving into PRH than earlier migrants (Hui *et al.*, 2014). The duration of stay in the city usually positively relates to making plans for a move into homeownership. As PRH can function as either low rent housing or discounted owner-occupied housing (after a period of renting) in Chongqing, this factor is also included in the models. We expect that both temporary renters and migrants who are already staying long in the city may therefore be interested in PRH.

In the paper, the family structure is classified into three types: single person household, family with one member employed, family with more than one person employed. Based on their affiliation with (or support from) employers and participation in social insurance, migrants have been divided into five occupation types: with an unstable contract, with a stable private business contract, with a stable formal business contract, with a state agency contract, or with an old-age pension. According to the regulations, the latter gain more privileges in accessing PRH in this sequence. The classification of income quintiles is based on the quintile that the respondent finds him/herself in according to the yearbook of Chongqing in 2013.
Study area, Data and Methods

Study area
The study is based on data collected in the central metropolitan area of Chongqing, the core nine-districts, where the PRH programme was located. Except for the representative housing policy, demographic and economic structures of this area share some similarities with other capital cities in China, making Chongqing a suitable case for the study. For instance, it confirms general observations about a diversified migrant population among Chinese cities (Li, 2010). From 2000 to 2010, in Chongqing, the share of migrants with a college or university degree increased from 9% to 24%; the age distribution of migrants changed from a single peak (the cohort of 21–38) to two peaks (the cohorts of 16–28 and 35–42) (CMBS, 2001 and 2012). Moreover, Chongqing is assigned the role of being the transportation centre and industrial powerhouse for the vast western part of China. Manufacturing, especially in the IT sector, has boosted economic growth, making the city an attractive destination for migrants; in 2010, of its eight million inhabitants, nearly 40% were migrants (CMBS, 2012).

Data collection and methods
Data were obtained from a survey and from the officially released household level registration of the lotteries. In 2013, right after the policy was established, we conducted 605 structured face-to-face interviews in the nine districts of the core of Chongqing. Eventually, the survey obtained retrospective information of 546 valid responses. We asked migrants to recall their stated preference for PRH, and also investigated their current housing status to identify the extent to which they got into PRH. Actually the current stay in PRH represents migrants who applied for PRH and also got the access. As the distribution of the available PRH is randomly based on lottery drawings, these migrants can also be considered as migrants who have been able to put their stated preference for PRH into practice.

A trial survey was conducted with 20 respondents in the Shapingba district. Respondents comprised migrants who had stayed in the nine districts without a local or non-agricultural hukou for at least half a year. We opted for a stratified random sample to select them. The aim was to interview migrants staying in housing available in the market, thus excluding those staying in factory dormitories in industrial parks. The total sample was split based on the share of the migrant population in each district. Within the districts five neighbourhoods were randomly selected as the primary sampling units. Interviewers all spoke fluent Mandarin and Chongqingese, and they mostly interviewed those making the housing decisions for their families. Audio recordings were used, and eventually the response rate slightly exceeded 80%. Those who declined to participate in the survey mostly mentioned ‘lack of time’ as the reason. Our data on the proportion, the average age and education years of migrants are all
very close to the census data for 2010, suggesting that our data are representative (CMBS, 2012).

From 2013 to 2016, the PRH management bureau of Chongqing organized 11 times a lottery drawing for nearly 240 thousand applicants (from 7th to 17th); over 202 thousand of them are new applicants joined between 2013 and 2016. We obtained data of 239903 residents who applied for PRH and of the 168446 households who won the lotteries from the website of the PRH management bureau of Chongqing. We use the data on the housing lotteries as a proxy for the repeated application for PRH. We focus on the 202050 participants that have joined in the lottery since 2013. Among them, over 145 thousand residents got access to PRH, and around 25 thousand applicants dropped out of the lottery. The dropout rate was around 12 per cent, and over 60 per cent of those who dropped out were doing that between one to three time applications. On average, migrants won the lottery after participating 2.15 times. Nearly 30 per cent of the applicants persisted in joining the lottery for over three times. The data provides some basic information about the applicants, but not all the variables are covered by both the survey and official data (table 4.1).

The analysis is formed by two pairs of binary logistic regression models. The first part uses the survey data, including models 1 and 2. Model 1 concerns the stated preference for PRH among the survey respondents. Those migrants who would like to apply for PRH are coded as 1, and the rest coded as 0. To improve the estimation, we excluded the 16 migrants who live on old-age pension or work in state agencies. Model 2 regards the 467 migrants who stated the preference for PRH, and generates differences between migrants who put their stated preference for PRH into action (coded as 1) and those who did not (coded as 0). The second part of the analysis – model 3 – used the official released data. Model 3 generates the difference between migrants who continued to participate in the lotteries for 4-11 times after failing in the previous three times (coded as 1) and those applicants who dropped out after failing in the previous 1-3 times (coded as 0).

**Descriptive Findings**

Table 4.1 combined the composition of both survey and official release data. The mean age of the survey respondents is almost 33, and most of them had finished a junior school programme (over nine years of education). Their average family size reached 2.14, and on average, they had at least one relative living in ‘Chongqing’. The share of intra-provincial migrants was much higher in Chongqing (over 70%), because the non-central metropolitan area of Chongqing accounts for 93.4% of the entire area. On average, they had stayed in ‘Chongqing’ for over 6 years, and around 47 per cent of them wanted to settle there. Over
80% of them worked with a contract, and nearly 70% stayed in private rental housing before. If they stated a preference to move, nearly 64% of them thought living close to work/school was important, while the share that aimed for better housing conditions and for low cost housing was not that high. Their major concerns regarding the PRH policy were about the success rate (31%) and about the eligibility (34%), and only a few seemed to worry about the policy stability.

**Table 4.1 Composition of the survey and official release data (Percentage/ Mean)**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Survey Migrants (546)</th>
<th>PRH Applicants Migrants (168446)</th>
<th>Local residents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stated preference for applying PRH</td>
<td>88%</td>
<td>74.83%</td>
<td>25.17%</td>
</tr>
<tr>
<td>Realized the preference</td>
<td>19%</td>
<td>19%</td>
<td></td>
</tr>
<tr>
<td>Did not realize the preference</td>
<td>81%</td>
<td>81%</td>
<td></td>
</tr>
<tr>
<td>Did not stated a preference for PRH</td>
<td>12%</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>Total percentage</td>
<td></td>
<td>74.83%</td>
<td>25.17%</td>
</tr>
<tr>
<td>Age (average)</td>
<td>32.67</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td></td>
<td>60.14%</td>
<td>50.61%</td>
</tr>
<tr>
<td>Female</td>
<td></td>
<td>39.86%</td>
<td>49.39%</td>
</tr>
<tr>
<td>Family size</td>
<td>2.14</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Urban kinship</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intra-provincial migrants</td>
<td>70.51%</td>
<td>46.04%</td>
<td></td>
</tr>
<tr>
<td>Inter-provincial migrants</td>
<td>29.49%</td>
<td>53.96%</td>
<td></td>
</tr>
<tr>
<td>Income (quintile level)</td>
<td>3.81</td>
<td>3.58</td>
<td>3.46</td>
</tr>
<tr>
<td>Education years (avg)</td>
<td>10.69</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unstable contract</td>
<td>17.95%</td>
<td>17.04%</td>
<td>10.80%</td>
</tr>
<tr>
<td>Non-formal business contract</td>
<td>45.05%</td>
<td>37.75%</td>
<td>30.32%</td>
</tr>
<tr>
<td>Formal business contract</td>
<td>34.07%</td>
<td>36.47%</td>
<td>37.85%</td>
</tr>
<tr>
<td>State agencies employee</td>
<td>1.83%</td>
<td>3.91%</td>
<td>6.82%</td>
</tr>
<tr>
<td>Old-age pension</td>
<td>1.10%</td>
<td>4.82%</td>
<td>14.21%</td>
</tr>
<tr>
<td>Duration of stay</td>
<td>6.11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intend to stay</td>
<td>46.70%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intend to go back</td>
<td>53.30%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private rental housing</td>
<td>69.41%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employer supplied housing</td>
<td>30.59%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Live close to work/school</td>
<td>63.92%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improve housing conditions</td>
<td>26.74%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remain low housing cost</td>
<td>54.76%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Concerns over policy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No clear concern</td>
<td>16.67%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Concerns over success rate</td>
<td>31.14%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Concerns over eligibility</td>
<td>33.88%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Concerns over policy stability</td>
<td>18.31%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
If we compare the survey data on the one hand with the larger dataset with data on migrants and local residents who applied for PRH and won the lottery on the other, we see that the migrants in the latter data set have lower incomes and are more equally divided between intra-provincial and inter-provincial origins; migrants from the ‘application’ (winner) data more often have a formal business contract than migrants from the survey. Comparing with local-PRH-applicants/winners, migrant-PRH-applicants/winners have slightly higher incomes. The proportion with an unstable contract is a bit higher among migrant-PRH-winners compared to local residents, while the percentage of participants in an old-age pension programme is much lower among migrants. Our observation reveals that nearly 75% of the residents in PRH are migrants, while the proportion was around 50% in the official reports. This is because we identify migrants based on their ID number in the official release data, and thus those residents who were migrants but now have changed their hukou status are also counted as migrants as their ID did not change.

Comparing the application data with PRH distribution data, we reveal that there is a big mismatch between the demand and supply side, regarding the preference for central located PRH. Mismatch is also revealed regarding the preference for family housing and shared housing. (Table 4.2)

| Table 4.2 Comparisons between applicants’ preferences and the available PRH (7th-17th applications and distributions) |
| --- | --- | --- |
| Application | Distribution |
| Total amount | 239903 | 100.00% | 168446 | 100.00% |
| Core—nine districts | 49180 | 20.50% | 16508 | 9.80% |
| Around industry parks | 127148 | 53.00% | 102584 | 60.90% |
| Suburb | 63575 | 26.50% | 49354 | 29.30% |
| Total amount | 239903 | 100.00% | 168446 | 100.00% |
| Single person housing | 80368 | 33.50% | 58451 | 34.70% |
| Family apartment | 152098 | 63.40% | 99720 | 59.20% |
| Shared apartment | 7437 | 3.10% | 10275 | 6.10% |

**Results**

*Realization of the stated preference for PRH*

Although over 83% of the respondents had concerns over the PRH policy, still 88% stated that they would prefer PRH when considering a move. This preference is estimated in model
1. Among those who stated such a preference, however, only 19% put the preference in action and realized their preference. That is estimated in model 2). Below, we investigate the varying roles of each of the independent factors in models 1 and 2 (table 4.3).

**Table 4.3 Modeling the stated and revealed preference for public rental housing, odds ratios**

<table>
<thead>
<tr>
<th></th>
<th>Stated a preference</th>
<th>Put the preference into action</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Model 1</td>
<td>Model 2</td>
</tr>
<tr>
<td>Concerns (ref: no clear concern)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Concerns about the success rate</td>
<td>2.376</td>
<td>0.228*</td>
</tr>
<tr>
<td>Concerns about the eligibility</td>
<td>1.812</td>
<td>0.562</td>
</tr>
<tr>
<td>Concerns about the policy stability</td>
<td>1.137</td>
<td>0.379**</td>
</tr>
<tr>
<td>Expectations on ideal housing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Close to work/school (ref: No)</td>
<td>0.463**</td>
<td>0.217*</td>
</tr>
<tr>
<td>Improve housing conditions (ref: No)</td>
<td>4.930***</td>
<td>7.569**</td>
</tr>
<tr>
<td>Keep low housing cost (ref: No)</td>
<td>3.420***</td>
<td>1.176</td>
</tr>
<tr>
<td>Previous housing tenure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employer supplied housing (ref: private rental housing)</td>
<td>0.579*</td>
<td>0.643*</td>
</tr>
<tr>
<td>Hukou status</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inter-provincial migrants (ref: intra-provincial migrants)</td>
<td>0.764**</td>
<td>3.079**</td>
</tr>
<tr>
<td>Age</td>
<td>0.986</td>
<td>1.045*</td>
</tr>
<tr>
<td>Family size</td>
<td>3.082**</td>
<td>2.143*</td>
</tr>
<tr>
<td>Urban kinship</td>
<td>3.694***</td>
<td>1.425*</td>
</tr>
<tr>
<td>Income quintile level</td>
<td>1.156*</td>
<td>0.984*</td>
</tr>
<tr>
<td>Education years</td>
<td>0.914</td>
<td>1.415*</td>
</tr>
<tr>
<td>Occupation (ref: unstable contract)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private business contract</td>
<td>0.498*</td>
<td>2.876**</td>
</tr>
<tr>
<td>Formal business contract</td>
<td>0.376*</td>
<td>3.865*</td>
</tr>
<tr>
<td>Duration of stay in Chongqing</td>
<td>1.576***</td>
<td>0.986</td>
</tr>
<tr>
<td>Intend to stay in city (ref: intend to go Back to their hometown)</td>
<td>1.716*</td>
<td>1.370</td>
</tr>
<tr>
<td>N</td>
<td>530</td>
<td>467</td>
</tr>
<tr>
<td>Constant</td>
<td>3.126</td>
<td>2.978</td>
</tr>
<tr>
<td>Nagelkerke R</td>
<td>0.512</td>
<td>0.509</td>
</tr>
</tbody>
</table>

**Notes:** ref means reference category; *p<0.5; **p<0.01; ***p<0.001.

None of the concerns over PRH policy relate significantly to the stated preference for PRH, but concerns about success rate and policy stability relate negatively and significantly to the revealed preference, when they really apply for PRH. Thus, it seems that migrants did
not clearly consider the in-and-outs of the policy when they stated their preference for PRH. We consider ‘eligibility’ to be the basic condition for accessing PRH and migrants appeared not to worry much about it. However, the ‘success rate of the lottery’ and the ‘policy stability’ which act as external conditions over which migrants have no control, limit the likeliness to put the stated preference in action/practice.

The wish to improve housing conditions and the expectation to be able to live close to work/school have a big influence on both the stated and revealed preference for PRH. Expecting to improve housing conditions has a firm positive influence, while expectations regarding the nearness to school and work have a negative. This supports previous findings that migrants generally are not attracted by the location of PRH (Net EASE, 2013), but as we suspected, by the better quality of housing connected to PRH. The aim to keep housing costs low only has a significant and positive relation with the stated preference. This may be ascribed to the fact that when migrants stated a preference for PRH, they made their decision based on the average rent per square meter for PRH (10-12 yuan) and thought PRH would meet their demands for low cost housing as well. However, when they put the preference into action, they noticed that the rent per unit was actually not low, as PRH is usually bigger than their current housing. In terms of the association with the former tenure migrants formerly living in employer supplied housing negatively related to the preference for PRH. This confirms our speculation that comparing with private rental housing, the features of employer supplied housing, like a free accommodation and limited commuting, was very attractive for migrants.

Interestingly, although the government has promoted the PRH policy as a means to encourage intra-provincial migrants to participate in the hukou reform and intra-provincial migrants appear more likely to state a preference for PRH, inter-provincial migrants were more likely to put the preference into practice. This may be because intra-provincial migrants usually were better adapted to the cities, and thus their preference for PRH was easily replaced by other options in the process of putting the stated preference into action. This indicates that inter-provincial migrants may rely more on the assistance from the PRH programme.

Disadvantage in terms of occupation relates positively to the stated preference for PRH while lower education did not relate to such a preference in a significant way. However, they both turned out to correlate negatively with putting the preference in action. This supports the argument that migrants at the bottom end of the housing ladder were more likely to consider public housing as a means to improve their housing career (Hui et al., 2014). However, as proofs for employment contract and social security payments were still required as a part of the application criteria for PRH, eventually, migrants engaged in informal business as well as
those who were lower educated experienced difficulty to put their stated preference into action. Nevertheless, we find that, although higher income migrants were more likely to state a preference for PRH, lower income migrants were more likely to put the stated preference into action. This was not due to the application criteria as there is no income limitation in accessing PRH in Chongqing. Thus it suggests that lower income migrants had a stronger drive to realize their preference for PRH. Additionally, migrants with more family members living together and more relatives in the city were also more likely to state a preference for PRH and come into action. Last, a longer duration of stay and an intention to settle in Chongqing city only had positive influences on the stated preference for PRH. This supports our conjecture that both temporary renters and long-stay owner-occupied housing seekers were attracted by the dual function of PRH in Chongqing.

**Frequency of applications for PRH by migrants**

Model 3 estimates the probability that migrants apply for PRH 4-11 times, compared with those residents who only applied one-to-three times and then dropped out (table 4.4). Remember that the probability to win for any single application are the same no matter how many times one has applied; however, the drop-out rate differs in relation to how frequently one has applied. The dropout rate drops with an increasing number of applications. Therefore, the number of applications can be interpreted as an indicator of perseverance or eagerness. The aim of model 3 is therefore to find out whether the relation between demographic and socio-economic factors and the preference for PRH differs between migrants who persisted in applying for PRH and migrants who gave up in an early stage of participation.

More males than females have applied for PRH at least 4 times. Also those with a private, or a formal business contract, and those who have a contract with state agencies tend to be more frequently present in the group who applies at least four times compared with those who have an unstable contract. This illustrates or reflects that the application criteria are in favour of applicants who are able to show proofs of a stable occupation and who are eligible to social security payments. Interestingly, migrants with lower incomes reveal a stronger motivation for endured applying for PRH than those with a higher income. Larger-family migrants are more likely to continuously apply for PRH, in line with the results found in model 1 and model 2. This seems to indicate that the need for larger dwellings among migrants is urgent, but also that the PRH programme so far failed to meet these housing needs. Lastly, those who prefer to live in the centre or the suburbs of the city have a much higher chance to continue their application effort for at least four times than those who opt for accommodation near industrial parks. Those who prefer family housing are more
likely to continue with applying than those who prefer single person housing. However, we should bear in mind (table 4.2) that in Chongqing, over half of the PRH has been located around industrial parks. This further shows the mismatch between the preferred PRH and the supplied PRH.

Table 4.4 Modeling repeated application for PRH, odds ratios

<table>
<thead>
<tr>
<th>Household Characteristic</th>
<th>Applied 4-11 times (ref: Applied 1-3 times then gave up)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male (ref: Female)</td>
<td>1.043*</td>
</tr>
<tr>
<td>Private business contract</td>
<td>1.247***</td>
</tr>
<tr>
<td>Formal business contract</td>
<td>1.632***</td>
</tr>
<tr>
<td>Contract with state agencies</td>
<td>2.018***</td>
</tr>
<tr>
<td>Old-age pension</td>
<td>1.028</td>
</tr>
<tr>
<td>(ref: Unstable contract)</td>
<td></td>
</tr>
<tr>
<td>Income quintile level</td>
<td>0.784**</td>
</tr>
<tr>
<td>One employed family</td>
<td>1.354***</td>
</tr>
<tr>
<td>Over one employed family</td>
<td>1.493**</td>
</tr>
<tr>
<td>(Ref: Single person household)</td>
<td></td>
</tr>
<tr>
<td>Preferred housing</td>
<td></td>
</tr>
<tr>
<td>Centre</td>
<td>4.954***</td>
</tr>
<tr>
<td>Suburb</td>
<td>6.065***</td>
</tr>
<tr>
<td>(ref: Industrial park)</td>
<td></td>
</tr>
<tr>
<td>Single person housing (ref: family housing)</td>
<td>0.705***</td>
</tr>
<tr>
<td>N</td>
<td>41047</td>
</tr>
<tr>
<td>Constant</td>
<td>1.657</td>
</tr>
<tr>
<td>Nagelkerke R</td>
<td>0.185</td>
</tr>
</tbody>
</table>

Notes: ref means reference category; *p<0.5;**p<0.01;***p<0.001.

7 Discussion and conclusion

Chinese migrants have typically been marginalised in the public housing system since they began moving to cities in the 1970s, though recently they have gradually obtained a stronger position with regard to PRH. Our study is therefore timely for reconsidering the position of migrants in the housing market. The paper divided the process of accessing PRH into three stages, stating a preference for applying for PRH, putting the stated preference into practice,
and not giving up to apply for PRH. The analyses were based on survey and officially
released data on experiences in Chongqing. The city has been the first in China to provide
massive PRH equally available to both migrants and local residents. In our study we
examined how the key determinants for getting access to PRH behave when the process is
divided in three stages. Findings contribute to the understanding of how and to what extent
the PRH policy has helped migrants with different demographic and socio-economic statuses
and with different housing demands in Chongqing. Below we address some policy
implications based on the findings.

To a certain degree, the PRH policy has helped migrants to improve their position and
may assist to leave a marginalized position behind. For instance, the provision bias between
migrants and local residents was small. The quest for better quality housing was positively
related to the preference for PRH, and concerns over eligibility did seemingly not bother
migrants to put the preference into action. Lower incomes appeared to be positively related to
the preference for and access to PRH. However, consistent with situations in other cities,
findings still reveal a mismatch between the PRH policy and migrants’ status and housing
demands. Although around 88% of the migrants showed an interest in PRH between 2011 and
2012, only 19% had achieved this goal before 2013. Dissatisfaction regarding the distance
between PRH and work/school and concerns over the success rate of lotteries and over the
stability of policy all hindered migrants to put their preference for PRH into practice.
Differences between migrants who stated a preference for PRH and who put the preference
into action, and between migrants who persisted in the PRH application for 4-11 times and
those who just applied 1 to 3 times, have been significant and should be paid attention to.
Migrants with unstable occupations had a stronger motivation to state a preference for PRH,
but were less likely to realise this preference due to the PRH application criteria that require
migrants to provide proofs of a stable occupation and social security payments. Before the
establishment of PRH policy, regulations on accessing housing have frequently been
criticized for marginalizing vulnerable migrants in the housing market. Our study is in support
of the argument that the criteria for accessing PRH should be further relaxed. Additionally,
inter-provincial migrants were more likely to put their stated preference for PRH into practice.

Furthermore, future construction of PRH in Chongqing should also aim at reducing the
gap between housing preferences and housing provision. For instance, being confronted with
the merits of PRH, migrants who stayed in employer supplied housing before were less likely
to access PRH. This is consistent with the previous argument that migrants usually prioritize
their needs for easy commuting and accumulating wealth when they make housing decisions.
This is especially true for migrants who intend to keep their life ‘floating’ and who have less
integration ambitions in the city. Thus, housing assistance for migrants should not be limited to efforts to move them to PRH. The government may consider providing monetary subsidies to either migrants or their employers, to improve the employer supplied housing. Moreover, a larger dwelling size and a location not close to industrial parks are conditions that stimulated migrants to continue their applications for PRH. However, such types of PRH have been in short supply in Chongqing.

Some limitations of our paper should also be mentioned, and these limitations require further study. First, due to differences between variables of the survey data and the officially released data, we were not able to provide more comparisons between the three stages we distinguished regarding access to PRH. Second, we do not know yet how long it takes for migrants to realise their preferences for PRH. Those migrants in our study who stated a preference for PRH but did not take follow-up action may have done so after the period covered by the study. Third, in model 3, a more elegant analysis would be to compare the consistent applications with migrants who dropped their applications, while controlling for those who had fallen out because they were successful and got access to PRH, but so far we do not have the data for that. Finally, we must stress that the findings regard the early period of the PRH policy. In the meantime, the policy develops and changes are occurring over time.

References


Net EASE. (2013) Vacant public housing: some people lack dwellings, while some units lack inhabitants (in Chinese) [http://money.163.com/13/0830/07/97GS99IN00253B0H.html#from=keyscan](http://money.163.com/13/0830/07/97GS99IN00253B0H.html#from=keyscan)


5. The New Urbanisation Plan and permanent urban settlement of migrants in Chongqing, China

To cite this article: Zhou, J. (2018). The New Urbanisation Plan and permanent urban settlement of migrants in Chongqing, China. *Population, Space and Place*, e2144. DOI:10.1002/psp.2144

ABSTRACT: For over 30 years, urbanisation in China went along with policies that discouraged migrants from permanently settling in cities. Since 2014, however, policies have shifted towards the encouragement of the urban settlement of migrants. This change has triggered new academic research aimed at re-understanding the urban integration. Findings of this paper are based on a survey conducted in Chongqing, the first municipality to implement elements of China's New Urbanisation Plan. The focus was on the preference for permanently settling in the city among migrants. Situations before and after the policy transition have been compared, while special attention was given to the impact of 2 key institutional factors—hukou reform and access to public rental housing. The other key to the investigation was whether migrants who have accessed public rental housing seek to buy such housing in order to eventually achieve permanent urban settlement. Results show that the policy transition has had positive effects on the preference of migrants for permanent urban settlement. However, the influence of public rental housing occupancy was quantitatively limited and the impact of the hukou reform has not yet fully crystallized. The policy transition has brought certain equity to disadvantaged and intra-provincial rural–urban migrants, but this in turn has had negative effects on more advantaged and inter-provincial migrants. The latter categories appeared to have fewer incentives to approach permanent urban settlement via accessing public rental housing.

KEYWORDS: China, hukou reform, migrants, New Urbanisation Plan, permanent urban settlement, public rental housing

Introduction

As in other developing countries, since 1978, urbanisation in China has been associated with significant internal migration. Unlike in other countries, due to the Chinese household registration system (hukou) established in 1958, Chinese migrants have been consistently treated as “second-class
"residents in their destination urban areas, no matter how long they have actually stayed there (Wong, 2005; F. Wu & Webster, 2010). The hukou system registers a new born Chinese person as being either agricultural or non-agricultural of a fixed administrative region, with the term migrant referring to those whose hukou status does not belong to the urban area of their city of residence (Chan & Zhang, 1999). The hukou is thus bound to the place of origin and social identity of each Chinese person. Although migrants have provided welcome cheap labour and facilitated rapid urban growth, local governments have been reluctant to officially register them as residents with permanent urban settlement. This has meant that such migrants have been treated differently in terms of job opportunities, full working remuneration, urban welfare, and social security, (including public housing), in their destination cities (Wang & Murie, 1999; Zhu, 2003). The hukou-based permanent urban settlement regulation has drawn clear economic and political hierarchies between local residents and migrants, resulting in an imbalance between the economic contributions and benefits of migrants in urban China (S. Chen & Liu, 2016). In such an inhospitable environment, in order to secure their own social security, the majority of migrants have lived an itinerant life, minimising both their social integration and consumption patterns in urban areas (Chu, Liu, & Shi, 2015; Jiang, 2006).

The consequences of denying urban citizenship to migrants in China have been well documented, especially the social inequalities it has created between migrants and local residents (F. Wu & Webster, 2010). However, very few scholars have addressed issues regarding permanent urban settlement, as it has been referred to as the most unattainable right for migrants since 1958 (Cao, Li, Ma, & Tao, 2015; Hao & Tang, 2015; Liu, Wang, & Chen, 2016). In response to widespread criticism, from 2008 onwards, the Chinese state gradually established a New Urbanisation Plan (hereafter also referred to as, the Plan), which announced the expansion of welfare benefits for migrants and the aim to grant permanent urban settlement to 100 million migrants by 2020 (Kim, 2015; B. Li, Chen, & Hu, 2016). The Plan aims to transform the Chinese economy from the current infrastructure investment-based model into a consumption-based model. Regardless of human factors, the Plan has a productivist strategy that acknowledges that migrants who obtain permanent urban settlement will significantly raise their consumption. The consumption expenditure of urban residents is around two to four times that of rural residents in China (National Bureau of Statistics of China [NBSC], 2011, 2012, 2013, 2014, 2015). The strategy is expected to cover the losses from export decline and to stimulate growth of the domestic economy. To better realise it, the Plan prefers to provide permanent urban settlement to migrants who have lived in cities for over 5 years, who have moved with their family, or who moved to study or join the army.
The top priority of the Plan has been to continue the elimination of the *hukou* restriction. However, its implementation has been poor and mostly benefited professional and affluent migrants (Y. Huang & Tao, 2015; Kim, 2015). To further promote the Plan and especially to increase confidence among migrants to try to gain permanent urban settlement, the state has sought to extend basic urban public services, particularly public rental housing. The planned coverage of public housing is set at 23% of the whole urban residents by 2020, a doubling of the proportion in 2012 (Kim, 2015; B. Li et al., 2016). Although reforms have begun, knowledge of whether and to what extent equity and inclusivity have been achieved (and accepted by migrants) is lacking (X. Huang, Dijst, van Weesep, Jiao, & Sun, 2017). Moreover, as the institutional environment has changed, previous findings on how different factors related to permanent urban settlement among migrants also require further investigation.

This paper aims to address these knowledge gaps using a survey conducted in the central metropolitan area of Chongqing in 2013. In the remainder of the paper, this area is called “the core of Chongqing.” Chongqing has been the first and, thus far, only city that has carried out two key reforms from the New Urbanisation Plan on a broad scale: opening both access to local urban *hukou* and public rental housing for migrants. The paper follows a general method in this research tradition that focuses on migrants' stated preferences as a determinant of their actual behaviour (Mulder, 1996). The revealed preference is not included as the study period was carried out at a very early stage of the policy transition, the first two years since the announcement of the reforms.

By building binary logistic regression models, the paper addresses several questions: First, it tests whether the policy transition and actual access to public rental housing have increased migrants' preference for permanent urban settlement; second, it compares the ways in which institutional and non-institutional factors relate to the preference for permanent urban settlement before and after the policy transition; third, it tests whether migrants who have accessed public rental housing seek to realise their preference for permanent urban settlement by buying public rental housing. By analysing data before and after the policy transition, the study aims to contribute to the evaluation of reforms related to migrant settlement. It is hypothesised that in the more relaxed institutional context of the Plan, the barrier of *hukou* and the superiority of migrants with higher socio-economic status will be reduced, resulting in more frequent permanent urban settlement. Specifically, migrant occupants of public rental housing might significantly increase their preference for permanent urban settlement.
Research Context

Chinese migrants and the meaning of permanent urban settlement in China

Generally, migration is either voluntary or involuntary. The former includes workers, students, and so forth, with rural–urban migrants dominating; whereas the latter primarily refers to rural migrants involved in land acquisition, who gained their permanent urban settlement automatically (Zhu, 2003). This paper focuses on households of voluntary migrants who move to cities to obtain work, including migrants of local agricultural hukou, non-local agricultural hukou, and non-local non-agricultural hukou. Drawn by higher wages, better job opportunities, and the promise of a decent urban life, migrants have steadily moved to cities since 1978. They have largely engaged in the manufacturing and construction industries, housing and catering services, and so forth (F. Wu & Webster, 2010). Early migrants usually clustered in low-skilled and low-paid jobs, working long hours. The inflow of migrants has helped cities to cope with a shrinking and ageing labour force (Knight, Deng, & Li, 2011). Local governments have been authorised to encourage migration independently, in accordance with their economic priorities (Zhou & Ronald, 2017b). In 2014, the number of migrants overall increased to around 260 million, equivalent to over 40% of the urban population (NBSC, 2016). Meanwhile, the profile of the migrant population has also changed. Due to the expansion of higher education and economic restructuring in big cities, a large number of young and professional migrants have emerged (Cui, Geertman, & Hooimeijer, 2016; Z. Li, 2010). More migrant students have stayed in cities after leaving education, and most have never been involved in agricultural work. Meanwhile, a group of more affluent migrants has emerged. Some of them have left employed work to start their own business. These migrants who bear more resemblance to local residents in terms of higher educational and income achievements, and stronger aspirations to integrate into local society, have generally been called new migrants (Connelly, Roberts, & Zheng, 2011). In recent years, issues of new migrants have attracted wide attention in the Chinese public and academic debate. Indeed, research usually uses the term new migrant to contrast migrants with advantageous socio-economic status with traditional migrant workers, and Chinese statistics usually use the “new generation of migrants” (xinshengdai nongmingong), to distinguish migrants who were born after 1980 from older migrants (NBSC, 2016).

The desire for, and access to, permanent urban settlement among Chinese migrants show similarities with the needs and desires of migrants following international migration (Hugo, 2016). (International) migrants who aim to live an urban life for a longer time, in order to collect economic capital as well as to achieve a stronger labour market status, social connections (guanxi), and a new cultural and psychological identity, have a close relationship
to permanent urban settlement (S. Chen & Liu, 2016; Zhu & Chen, 2010). However, the notion of permanent urban settlement for migrants in China is complex and has a great significance. First, job opportunities and welfare benefits such as medical care, pensions, and minimum income are usually better in urban compared with rural contexts. As permanent urban settlement is a prerequisite for equally access to these benefits, migrants may aspire to it (Zhu & Chen, 2010). Second, in Chinese culture, the educational opportunities of the next generation are considered extremely important. Unfortunately, in most cases, the children of migrants, whether they grow up in cities or in their parents' hometown, have to inherit their hukou status from one of their parents, and thus are restricted when accessing good local senior high schools, and have to gain higher scores than local students to enter local universities. For the sake of their children's education, migrants may thus make efforts to achieve permanent urban settlement. Third, in sharp contrast to migrants in many other countries where landless rural migrants may have to seek shelter in urban slums and take up low-skilled and low-paid jobs, new Chinese migrants have a stronger bargaining power when accessing local citizenship and may be more interested in permanent urban settlement. Fourth, in order to gain socio-economic rights to obtain permanent urban settlement in the destination cities, some rural–urban migrants have to give up their long-term (almost life-long) socio-economic rights tied to their original hukou, including free contract rights on their agricultural and residential land. Thus, there has been a trade-off. Migrants have been typically given a transitional period, usually several years, after which they have to decide whether to settle permanently or not. During that period, they are allowed to sublet their farmland to companies of industrial farming and thus often enjoy the benefits of both rural and urban areas (Kim, 2015; B. Li et al., 2016).

Therefore, in China, the preference for permanent urban settlement has become linked with the disparity of incomes and living conditions between the destination cities and the rural hometown of migrants. With the improvement of rural–urban land market in recent years, especially in more developed regions, the value of and income from rural land have become more consistent and significant, and thus, rural–urban migrants appeared less likely to prefer permanent urban settlement (Hao & Tang, 2015). The situation in Chongqing is unclear, as disposable income of residents in the core of Chongqing is only two times higher than that of rural residents (Chongqing Municipal Bureau of Statistics [CMBS], 2013). Below, we introduce other key factors related to a preference for permanent urban settlement, the migrant-friendly hukou and housing systems in the core of Chongqing.

Access to permanent urban settlement, the role of the hukou, and public rental housing

In China, official access to permanent urban settlement is completed through obtaining the
non-agricultural hukou of the destination city. Local governments have been obliged to provide citizenship only to residents with the hukou in their jurisdiction. They have made use of this policy to ignore the increasing life expectancy of migrants and minimise the cost of providing public welfare and social security for migrants (Zhu, 2003). The policy transition towards the New Urbanisation Plan was announced in order to relax the differentiation of migrants based on their hukou identity. Although regulations vary across cities, for voluntary migrants, the common application criteria for the local non-agricultural hukou require evidence that they have had a formal stable residence (rent or own), a stable employment contract (at least 1 year), and social security payments (at least 1 year; Kim, 2015; B. Li et al., 2016). In practice, with the improvement of the labour market, the last two requirements have been easier to fulfil than the first one. Over 75% of migrants live in either private rental housing or employer supplied dormitories, and most of these houses do not have a proof of the formal and stable housing (NBSC, 2016). Although buying commercial housing on the open market could be a solution, this is only affordable for those who achieve business success or secure a stable career (Liu et al., 2016; Tao, Hui, Wong, & Chen, 2015). In 2016, around 18% of Chinese migrant workers had bought a dwelling in their destination cities (NBSC, 2016). Consequently, access to public rental housing has become an important way for the majority of migrants to obtain a local non-agricultural hukou.

The public rental housing scheme was established in 2008 as the largest and most flexible form of public housing in China. It provides decent and cheap homes with stable tenancy, and up to now has been the only type of official rental housing available for migrants (J. Chen, Yang, & Wang, 2014). In principle, migrants could use their public rental housing occupancy as a proof of a formal stable residency to apply for permanent urban settlement. This can reduce the hukou and economic barriers that prevent migrants from obtaining permanent urban settlement (Kim, 2015; B. Li et al., 2016). Thus, the extent to which migrants can apply for permanent urban settlement has depended on the stock of public rental housing and the openness of local public rental housing policy.

However, like the implementation of the hukou reforms, the development of public rental housing has also been suppressed at the local level due to a lack of material inputs from both national and local governments (Zhou & Ronald, 2017a). Public rental housing usually was found to have higher rents and be at remote locations, and has, typically, poor facilities (S. G. Lin, 2012). To fulfil the quota that national government has assigned at the local level, local governments have invented a number of strategies. They require, for example, employers to build or rent housing for their employees as public rental housing. In other cases, some authorities have started to allow rural communities to build public rental housing on rural construction land that is much cheaper than urban construction land (Y. Lin, De Meulder, Cai,
In order to meet state directives, local governments have often counted every possible resource of housing as public rental housing, such as recycled public housing, vacant and unpopular commercial housing, and even illegal housing (Zhou & Ronald, 2017a). In cities with a sustained real-estate market boom, such as Beijing and Shanghai, strategies can be more direct, and real estate developers can be required to provide 5% to 10% of their newly built commercial housing as public rental housing. Local governments also coordinate public sector and private sectors in order to build limited amounts of public rental housing. The property rights of public rental housing are split based on contributions of different developers. However, local governments monopolise the distribution of public rental housing, making it the most important aspect of marginalisation among migrants (W. Wu, 2004).

The core of Chongqing and its hukou and public rental housing policies

The general principle of the New Urbanisation Plan is to intensively encourage permanent urban settlement among migrants in towns and small cities, and developing more controls in overcrowded large cities, especially those with a population over five million. This principle is actually in conflict with what migrants prefer: moving to large cities. Although the smaller municipalities have offered migrants equal residence status, public services and urban benefits in these places have remained severely limited or lacking (F. Wu & Webster, 2010; Zhan, 2015). In between them, medium-sized cities, especially regional capital cities, have been more accessible for migrants with a preference for permanent urban settlement (B. Li et al., 2016; L. Lin & Zhu, 2016). From this perspective, the core of Chongqing is representative of a broad group of second-tier capital cities and is a suitable case for our study. The core of Chongqing has been designated the transportation centre and industrial powerhouse for the vast western part of China. Like other cities, it has experienced rapid urbanisation and industrialisation and a large inflow of migrants. In 2010, of its eight million inhabitants, nearly 40% were migrants (CMBS, 2012). In 2013, its urbanisation rate increased to over 87% (CMBS, 2013).

Since 2007, Chongqing (and Chengdu, the sub-provincial capital city of the province next to Chongqing, Sichuan) has been utilised as a pilot city to explore experimental ways to break the rural–urban hukou gap and thus provide equal rights to migrants. When other local authorities were still searching for ways to carry out the New Urbanisation Plan, in 2010, Chongqing implemented a significant version of the Plan (Zhou & Ronald, 2017a). Its hukou barriers were eliminated to allow migrants to access public rental housing. Applicants for public rental housing only needed to be over 18 years old, hold stable employment, and have...
made pension contributions for over 6 months (Chongqing municipal people's government, 2010). In terms of the access to permanent urban settlement, applicants needed proof of stable residency, 5 year's work experience, and 1 year's payment of pension in the core area of Chongqing.

The public rental housing programme in Chongqing targeted the construction of 40 million square metres of public rental housing, about 670,000 units (approximately 60 square meters per unit) by 2013. The programme sought to overcome some common shortcomings of public rental housing in other parts of China, but also had weaknesses (Zhou & Ronald, 2017a). First, public rental housing in Chongqing has been newly built housing rather than “recycled” housing. Second, the construction and allocation of public rental housing has been under the direct control of the public sector, which has made the whole work more efficient, but also, in many respects, more radical. Indeed, the municipality has sought a rather excessive expansion of public rental housing. This was done in a context in which the (previous) secretary of the Communist Party in Chongqing planned to use the success of the public rental housing programme as a political trophy, in a bid for a seat at the top table of Chinese politics (at the 18th party congress in 2012; Gore, 2012). Between 2011 and 2012, the floor space of completed public rental housing represented 40%of the total completed residential housing in the core of Chongqing (CMBS, 2012, 2013). By 2013, Chongqing had established the largest public rental housing programme in China (People, 2013).

There have also been a number of weaknesses associated with this scheme. Instead of being attached to commercial housing neighbourhoods at mature locations, public rental housing in Chongqing has largely been formed of independent neighbourhoods in areas undergoing development. The government expected that the economy of these areas would be boosted after residents had moved into its public rental housing. However, the development of the facilities and surroundings subsequently fell behind the construction of public rental housing. Survey research shows that migrants were, in general, unsatisfied with basic services such as health care, preschool education, cultural and sports facilities, and public security in public rental housing communities (Gan et al., 2016). Lastly, in order to repay the large loans taken for initial construction, in 2010, the government announced that public rental housing will be available for sale to qualified low - to - middle income households at a discounted price after a 5 - year rental period. Until now, we have not seen real regulations regarding the sale of public rental housing. Nor has it been clear how many residents will participate in this policy. The second modelling of this paper explores this question.

Although there have been problems, public rental housing as such has been very popular in Chongqing. By the end of 2016, Chongqing has finished its 17th distribution of public rental housing. The housing management bureau has received over 983 thousand applications,
and 306 thousand households have moved into public rental housing, equivalent to nearly nine per cent of the total households in the core of Chongqing in 2015 (HMBC, 2012–2016). In 2016, 48% of the public rental housing tenants were migrants (National Development and Reform Commission, 2016). Its low rent (60% of average prices in the neighbourhood), stable lease (1 to 5 years in each round), and the scheme of ownership-oriented public rental housing may all be used by migrants to realise permanent urban settlement. This paper also addresses this issue below.

Moreover, the municipality, through implementing hukou and public rental housing reforms, has expended considerable energy in encouraging—especially—intra-provincial rural–urban migrants, who have worked in the core of Chongqing for several years, but have not been able to afford commercial housing to obtain permanent urban settlement. It has set an aim to absorb 10 million intra-provincial rural–urban migrants into the urban areas of Chongqing between 2011 and 2020 (Chongqing municipal people's government, 2010). The hukou reforms offer considerable compensation for those intra-provincial rural–urban migrants who give up their rural rights (mainly on their land) in exchange for local urban hukou, such as one-off payments for rural assets, free job training, school transfers, privileges in accessing public rental housing, and other social insurances. The strategy is two-fold: in the short term, settlement of these migrants will boost urban growth; in the long term, more importantly, these migrants will return their rural assets to their rural communities after 3 years, whereupon these land resources can be used to further the development of Chongqing. Advantages that local governments get from inter-provincial migrants are less. Although making inter-provincial migrants settle down in Chongqing would also help boosting local domestic demands, their property rights of rural land have to be returned to their hometowns which are not Chongqing.

**Analytical Framework**

The section above discusses two main institutional barriers to permanent urban settlement: the hukou differentiation and access to public rental housing. This section not only outlines the analytical framework for understanding these barriers for migrants in the core of Chongqing but also addresses the household characteristics that may play a role in obtaining permanent urban settlement. Insights so far have been derived from economic, sociocultural, and political perspectives (S. Chen & Liu, 2016; Hao & Tang, 2015; Zhu & Chen, 2010). The institutional factors indicate options available for migrants, whereas household characteristics reflect the needs and capabilities of migrant households in attaining permanent urban settlement. These factors are expanded as below.
Institutional barriers: The hukou and access to public rental housing

The stage of political-economic development and housing market conditions, are considered important to settlement efforts (Zhu & Chen, 2010). Unstable circumstances and slow economic development can play a negative role. In the study period (2009–2012), the economic position of residents in the core of Chongqing (indicated by disposable income and consumption expenditure per citizen) grew steadily (CMBS, 2010, 2011, 2012, 2013). This paper therefore pays specific attention to changes in the city's hukou system and housing market conditions.

Similar to prejudice and discrimination towards migrants found in western countries, in China, the institutional obstacles of hukou have had a strong impact on discouraging migrants from obtaining permanent urban settlement (Zhu & Chen, 2010). Though the paper focuses on the circumstances following the elimination of hukou barriers, it still includes hukou status as an independent variable to test whether hukou has had a lag effect on migrants' efforts to achieve permanent urban settlement. Based on the attributes of hukou, the paper created two dummy variables to represent hukou differentiations. First, regarding the place of origin, it distinguishes migrants between intra-provincial ones and inter-provincial ones. The former have more preferential rights to urban citizenship and permanent urban settlement and have stronger cultural identity and sense of belonging in the core of Chongqing. It is also assumed that intra-provincial migrants will be more likely to pursue permanent urban settlement in the core of Chongqing. Second, based on the social identity, migrants are divided into those with an agricultural hukou or a non-agricultural hukou. The former is assumed to be more concerned with losing rural assets in their hometown (Hao & Tang, 2015). This is especially true if social discrimination, living costs, and job insecurity are high in destination cities (as in Beijing and Shanghai). This could also be the case for migrants from suburban areas, where the potential value of rural land continues to increase (as in China's coastal areas). We assume, however, that rural landholding may not pose such a strong barrier for migrants in regions like the core of Chongqing, because these regions are still in a stage where life pressures have not been extremely high and their migrants mainly come from regions characterised by a comparatively lower socio-economic status.

Being an occupant of public rental housing is selected as a key factor that indicates housing market status in the core of Chongqing. Research has shown that formal housing tends to provide migrants with more opportunities for social integration and gives more confidence in urban life (Liu et al., 2016). However, few studies in China have directly investigated the role of public rental housing in city settlement (Liu et al., 2016). In the core of Chongqing, occupying public rental housing helps migrants to provide proof of formal and stable housing with lower costs compared with commercial housing. It is hypothesised that
compared with migrants who have not accessed public rental housing, migrants who did may have a stronger preference for permanent urban settlement. It is also hypothesised that residents may be more likely to realise this ambition through buying public rental housing. The model-ling focuses on access to public rental housing, excluding other welfare benefits, such as access to formal education, retirement insurance, and basic health care, which may also affect the realisation of permanent urban settlement among migrants. The reason is that compulsory education is already open for migrants in the core of Chongqing, and according to the regulations, qualified applicants for public rental housing usually have participated in the other two forms of welfare.

Finally, a time variable is used to divide the institutional context into two stages: 2009 – 2010, indicating conditions under the strict *hukou* policy and with no public rental housing programme (pre-reform period); and 2011 – 2012, reflecting conditions under the relaxed *hukou* and the public rental housing policies (post-reform period). Due to difficulties in obtaining longitudinal data, there has been a lack of research examining changes in migrants' settlement behaviour during the policy transition period. Although the study period only covers the first 2 years of the policy transition, we suspect that the influence of the policy transition should be visible. Migrants' preference for permanent urban settlement in the pre-reform period was expected to be lower than in the post-reform period.

*Household characteristics related to permanent urban settlement*

The analysis also includes household characteristics and tests whether their roles in approaches to permanent urban settlement have changed along with policy transition.

Demographic factors include age, gender, marital status of the family head, and cohabiting status with children, parents, and/or a spouse. Findings, especially those regarding age and gender, were not always significant and consistent across cities (L. Lin & Zhu, 2016). This emphasises the significant influence of contextual factors concerning permanent urban settlement among migrants (Zhou & Ronald, 2017b). Some studies found that migrants are less likely to aim for permanent urban settlement as they get older because it is more difficult for older migrants to find decent employment and thus access the local welfare system in big cities (Tang & Feng, 2015). The situation in the core of Chongqing might be different however, due to its relaxed *hukou* and public rental housing policies. Indeed, it is assumed that permanent urban settlement might be favoured by older rural–urban migrants who are of, or are approaching, retirement age. As they will not be able to participate in either urban manufacturing or agricultural work in the near future, they may consider exchanging their rural assets for permanent urban settlement in order to benefit from the local old-age pension programme.
The need and aspiration to achieve permanent urban settlement rise through progression in life course, from living with parents, to marriage, and then to having children reaching school age, for example, Cui et al. (2016) and Hao and Tang (2015). Furthermore, the paper assumes that the working status of the spouse plays an important role: Having a spouse working in the same city decreases a family's job insecurity and enhances its financial ability to afford the increasing costs of urban living. As discussed above, children's schooling may be the primary concern for migrants who try to settle there permanently. This factor could also drive migrants to prefer commercial housing rather than public rental housing, because schools in neighbourhoods associated with commercial housing are better than those with public rental housing (Liu et al., 2016). Finally, urban kinship ties also influence migrants' preference for permanent urban settlement, through providing information and other support.

Socio-economic factors affecting the family head, such as education, occupation status, and income, usually reveal positive influences on the decision to settle permanently among migrants. These factors reflect migrants' ability to cope with increasing urban living costs and the fear of losing assets and opportunities in their hometowns. To emphasise the occupational hierarchy that closely influences migrants' capacity to meet the requirements for obtaining permanent urban settlement, the study classifies migrants into three groups according to their work contract status: informal contract migrants, formal contract migrants, and self-employed entrepreneurial migrants. The first group usually accesses temporary employment from small-scale private companies, which rarely support the social insurance contributions of employees; the second group mostly experiences the opposite situation; and the third group finds itself in between. Previous studies have argued that advantages of socio-economic status raise migrants' self-confidence in adapting to the local society and improve opportunities for migrants to stay longer and keep their families together (Cao et al., 2015; Cui et al., 2016). However, we suspect that, in Chongqing, the greatly relaxed hukou and public rental housing policies may holdback socially and economically advantaged migrants from achieving permanent urban settlement via accessing public rental housing, as policies largely undermine the superior position of these migrants in the whole process.

The circumstances of migration, such as the duration of stay and place of origin, have also been found important (Piotrowski & Tong, 2013). Length of stay and an origin from a place with poorer socio-economic conditions may positively influence the preference for permanent urban settlement (S. Chen & Liu, 2016; Liu et al., 2016). The study ranked all 31 Chinese provincial-level regions based on the relative disposable income per capita per year in their capital city in 2014 (Yan & Fan, 2016). In descending order, Chongqing ranked 15th. We define regions with a ranking above 15 as “better regions” and those below as “not better
regions.” It is hypothesised that migrants from the latter may have a stronger preference for permanent urban settlement in the core of Chongqing.

Experiences of difficulties in the housing market may affect migrants’ attitudes towards permanent urban settlement (Liu et al., 2016; Tang & Feng, 2015). The analysis therefore also includes the quality and satisfaction scores of previous housing. The quality score is measured through a composite index of six qualitative aspects of housing (W. Wu, 2004) and ranges from 0 to 10. Each sub score have equal weight, ranging 0–2: energy, including the availability of electricity (0 no, 1 yes) and piped gas (0 no, 1 yes); water, including the availability of tap water (0 no, 1 yes) and water heating (0 no, 0.5 shared, 1 private); kitchen (0 no, 1 shared, 2 private); bathroom (0 no, 1 shared, 2 private); and toilet (0 no, 1 shared, 2 private). For the satisfaction score, migrants were asked to rate their satisfaction with their most recent previous housing. The scores range from 1 to 10 and indicate the following: 1–4 bad; 4–6 not bad; 6–8 satisfied; 8–10 very happy.

Data and Survey

The data are derived from a retrospective survey conducted in February and March 2013 in the core of Chongqing. The research interviewed 605 respondents who had worked in the core of Chongqing without a local non-agricultural hukou for over half a year, and gained 546 valid responses. As our interest was in general interactions between migrants and the market, the survey excluded migrants living in factory dorms. A trial survey was conducted with 20 respondents in Shapingba, a district of “Chongqing city.” As it is not possible to select migrants based on housing units in China, the study performed a stratified random sample to obtain representative data. The total sample was split into districts based on the share of migrant population in each. Within each district, five neighbourhoods were randomly selected as the primary sampling units, and their population informed the sample size in each. All interviewers spoke fluent Mandarin and Chongqingese and conducted face-to-face interviews, mostly with migrants who made housing decisions for their family (the family head). The interviews were audio recorded, and the final response rate slightly exceeded 80%. Those migrants who declined to join in the survey mostly stated “lack of time” as the reason. Some essential survey data (the proportion of Chongqing hukou migrants, average age, and average years of education) is very close to the 2010 census data for Chongqing, supporting sample representativeness. According to the commonly used sample size formula (SS = $z^2p*(1-p)/\sigma^2$, $z = 1.96$, $p = .5$, $\sigma = 0.05$), and given the fact that the migrant population in the core of Chongqing was 2.6 million in 2010, the minimum sample size should be 385. The survey thus qualifies. “Recall error” is expected to be small because migrants' circumstances
would not change considerably within 4 years. Data were converted to person-year format, and thus, the final sample used in the analysis included 982 person-year units.

**Descriptive Findings**

Consistent with findings from other cities (Z. Li, 2010), the migrants in the core of Chongqing in our study tended to be young (on average 33 years old) and characterised by intra-provincial and agricultural *hukou* holders (nearly 70% of the total migrant population; Table 1). To some extent, this reflects the common situation in most Chinese provinces that consist of vast rural areas. There was a group of migrants with longer durations of stay, more cohabitation with family members, and more formal, secure employment. However, disadvantages in socio-economic factors still persisted. Moreover, their average years of schooling came to 10.09, only 1 year beyond that of compulsory education. They gave an average housing quality score of around 6 (indicating shared housing) and graded their housing satisfaction as between “not bad” and “satisfied.” Finally, very few (17% of respondents) had accessed public rental housing in the post-reform period.

Table 5.1 reveals that, across both the pre-reform and post-reform periods, on average, 42% of the migrants stated the preference for permanent urban settlement, consistent with the average rate in China (L. Lin & Zhu, 2016). Specifically, the rate increased from nearly 35% to over 48% during the policy transition. This implies that the contextual changes have affected the preference for permanent urban settlement among migrants. Below, the paper explores the relationship between the independent variables and the preference for permanent urban settlement in more detail.
Table 5.1 Descriptive statistic of all samples (percentage/ mean)

<table>
<thead>
<tr>
<th>Variables</th>
<th>Definition and coding</th>
<th>Per cent</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preference for permanent urban settlement</td>
<td>Had an intention for permanent urban settlement in 2009-2012</td>
<td>42.26</td>
<td></td>
</tr>
<tr>
<td></td>
<td>No intention for permanent urban settlement in 2009-2012(R)</td>
<td>57.74</td>
<td></td>
</tr>
<tr>
<td>Institutional context</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Time variable</td>
<td>#intention emerged in pre-reform period</td>
<td>34.63</td>
<td></td>
</tr>
<tr>
<td></td>
<td>#intension emerged in post-reform period</td>
<td>48.35</td>
<td></td>
</tr>
<tr>
<td>The hukou status</td>
<td>intra-provincial migrants</td>
<td>70.77</td>
<td></td>
</tr>
<tr>
<td></td>
<td>inter-provincial migrants (R)</td>
<td>29.23</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Agricultural hukou</td>
<td>69.96</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Non-agricultural hukou (R)</td>
<td>30.04</td>
<td></td>
</tr>
<tr>
<td>Occupant of PRH</td>
<td>*Accessed PRH</td>
<td>16.67</td>
<td></td>
</tr>
<tr>
<td></td>
<td>*not accessed PRH (R)</td>
<td>83.33</td>
<td></td>
</tr>
<tr>
<td>Household Characteristics (family head)</td>
<td>Average age</td>
<td></td>
<td>33.10</td>
</tr>
<tr>
<td>Age</td>
<td>Male</td>
<td>79.74</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Female(R)</td>
<td>20.26</td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td>Spouse works in the city</td>
<td>20.88</td>
<td></td>
</tr>
<tr>
<td>Marital status</td>
<td>Spouse does not work</td>
<td>13.44</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Spouse separated</td>
<td>33.60</td>
<td></td>
</tr>
<tr>
<td></td>
<td>No spouse (R)</td>
<td>32.08</td>
<td></td>
</tr>
<tr>
<td>Child cohabitant</td>
<td>Living with school age child</td>
<td>28.31</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Do not live with school age child</td>
<td>62.63</td>
<td></td>
</tr>
<tr>
<td>Parent cohabitant</td>
<td>With at least one parent living together</td>
<td>37.37</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Without parent living together</td>
<td>62.63</td>
<td></td>
</tr>
<tr>
<td>Urban kinship</td>
<td>Average number</td>
<td>1.19</td>
<td></td>
</tr>
<tr>
<td>Socio-economic factors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family income</td>
<td>Average</td>
<td>¥2279.41</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>Years of schooling</td>
<td>10.09</td>
<td></td>
</tr>
<tr>
<td>Occupation</td>
<td>Self-employed entrepreneur migrants</td>
<td>24.95</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Formal Contract Migrants</td>
<td>34.52</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Informal contract migrants (R)</td>
<td>40.53</td>
<td></td>
</tr>
<tr>
<td>Migration experience</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Place of origin</td>
<td>Better regions</td>
<td>11.71</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Not better regions (R)</td>
<td>88.29</td>
<td></td>
</tr>
<tr>
<td>Duration of stay</td>
<td>Average months of stay in the Chongqing city</td>
<td>72.14</td>
<td></td>
</tr>
<tr>
<td>Housing experience</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Score of the previous housing</td>
<td>Average amount of the score index</td>
<td>6.18</td>
<td></td>
</tr>
<tr>
<td>Satisfaction on the previous housing</td>
<td>Average amount of the score index</td>
<td>7.85</td>
<td></td>
</tr>
</tbody>
</table>

Notes: # calculated based on the responses investigated in the pre and post periods respectively
* calculated based on the 546 responses collected in post-reform period (2011-2012).
Modelling the Preference for Permanent Urban Settlement among Migrants

Three binary logistic regression models were built to understand how various factors relate to migrants' preference for permanent urban settlement in the whole study period, the pre-reform period, and the post reform period, respectively. The first model is based on information gathered on all 982 respondents, and the other two models are based on information from 436 and 546 respondents, respectively. The dependent variable generates the difference between migrants who preferred permanent urban settlement (coded as 1) and those who did not (coded as 0). Outcomes are presented in Table 5.2; here, we present the core findings.

As expected, in Model 1, when other migrant characteristics are controlled for, the post-reform period positively relates to the preference for permanent urban settlement. This supports speculations about positive influences of the hukou and public rental housing policies. However, to our surprise, in Model 3, living in public rental housing does not greatly relate to the preference for permanent urban settlement. This may be caused by dissatisfaction with public rental housing and uncertainty about buying public rental housing, and it indicates that there has been a gap between the expectations of and experiences in public rental housing among migrants. Moreover, we may not be able to support the hypothesis about the reduced influence of the hukou in the post-reform era, as the hukou differentiations still reveal positive results in Model 3. Nevertheless, as hukou status represents not only the institutional identity of migrants but also factors such as “localness,” sense of belonging, and rural assets, it might also be possible that the hypothesis stands. This requires further research.

In the three models, intra-provincial migrants reveal a consistent positive link with the preference for permanent urban settlement. This confirms the common argument that ‘localness’ has always played an important role in obtaining permanent urban settlement (Du, 2015). More importantly, Model 3 shows that in the post-reform period, intra-provincial migrants, the agricultural hukou, as well as being an occupant of public rental housing, all positively relate to the preference for permanent urban settlement, with the first factor revealing the strongest influence. Indeed, as stated above, the recent hukou and public rental housing policies in Chongqing have given intra-provincial rural-urban migrants greater privileges and benefits to achieve permanent urban settlement. Specifically, in Model 3, the positive result from the agricultural hukou supports the assumption that even though there has been an increase in the value of rural assets in recent years, migrants were not
Table 5.2 modelling migrants’ preference for permanent urban settlement by period, with odds ratios shown

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>The time variable</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Post-reform (R: pre-reform)</td>
<td>1.793**</td>
<td>3.184**</td>
<td>4.033***</td>
</tr>
<tr>
<td><strong>The Hukou status</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intra-provincial (R: inter-provincial)</td>
<td>3.712**</td>
<td>1.217</td>
<td>1.376*</td>
</tr>
<tr>
<td>Agricultural hukou (R: Non-agricultural hukou)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Occasional of PRH</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accessed PRH (R: not accessed PRH)</td>
<td></td>
<td></td>
<td>1.014*</td>
</tr>
<tr>
<td><strong>Household Characteristics(family head)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Demographic factors</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>1.299</td>
<td>0.956</td>
<td>1.357**</td>
</tr>
<tr>
<td>Gender (R: female)</td>
<td>2.258**</td>
<td>2.071**</td>
<td>2.369**</td>
</tr>
<tr>
<td>Marital status</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spouse works in the city (R: no spouse)</td>
<td>2.194**</td>
<td>2.038**</td>
<td>2.308***</td>
</tr>
<tr>
<td>Spouse does not work</td>
<td>1.466</td>
<td>1.145</td>
<td>1.746</td>
</tr>
<tr>
<td>Spouse separated</td>
<td>0.914</td>
<td>0.892**</td>
<td>0.925</td>
</tr>
<tr>
<td><strong>Child cohabitant</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Living with school age child (R: without)</td>
<td>3.409**</td>
<td>3.389**</td>
<td>3.454**</td>
</tr>
<tr>
<td><strong>Parent cohabitant</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>With at least one parent living together ( R:without)</td>
<td>1.589</td>
<td>1.521</td>
<td>1.668</td>
</tr>
<tr>
<td><strong>Numbers of urban kinship:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Socio-economic factors</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family income</td>
<td>1.031***</td>
<td>1.034**</td>
<td>1.036**</td>
</tr>
<tr>
<td>Years of schooling</td>
<td>1.202***</td>
<td>1.447***</td>
<td>1.058</td>
</tr>
<tr>
<td>Occupation (R: Informal contract migrants)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-employed entrepreneur migrants</td>
<td>1.748**</td>
<td>2.016**</td>
<td>1.463***</td>
</tr>
<tr>
<td>Formal Contract Migrants</td>
<td>1.677***</td>
<td>2.369**</td>
<td>1.251***</td>
</tr>
<tr>
<td><strong>Migration experience</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Place of origin</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Better regions (R: Not better regions)</td>
<td>0.872*</td>
<td>0.851*</td>
<td>0.903**</td>
</tr>
<tr>
<td>Duration of stay in the Chongqing city</td>
<td>1.121</td>
<td>1.191</td>
<td>1.364*</td>
</tr>
<tr>
<td><strong>Housing experience</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing score of the previous housing</td>
<td>1.516</td>
<td>1.887*</td>
<td>1.469</td>
</tr>
<tr>
<td>Housing satisfaction on the previous housing</td>
<td>1.624</td>
<td>1.696*</td>
<td>1.312</td>
</tr>
<tr>
<td>N</td>
<td>982</td>
<td>436</td>
<td>546</td>
</tr>
<tr>
<td>Nagelkerke R Square</td>
<td>0.523</td>
<td>0.507</td>
<td>0.513</td>
</tr>
<tr>
<td>-2 Log likelihood</td>
<td>246.958</td>
<td>189.982</td>
<td>213.629</td>
</tr>
</tbody>
</table>

Notes: R means reference in each independent variable; *p<0.5; **p<0.01; ***p<0.001

particularly encumbered by their rural assets when stating a preference for permanent urban settlement in regions like the core of Chongqing.

By comparing the role of household characteristics between Models 2 and 3, the results show that the roles of demographic factors (such as marital status, child cohabitation, parent cohabitation, and the extent of urban kinship ties), socio-economic factors (such as family income and occupation), and migration experience (including place of origin), all remained
consistent before and after the policy transition and are in line with the literature. Contrary to prior expectation, advantages in occupation and income still have positive influences, as in other cities. Fortunately, it shows that certain equity has been brought to disadvantaged migrants. For example, higher education levels and better housing experiences, which related positively to the preference for permanent urban settlement in the pre-reform period, play no roles in the post-reform era. Moreover, as hypothesised, in the post-reform era, unlike in other cities, there is an increase in older migrants stating a preference for permanent urban settlement.

**Modelling the Realisation of the Preference for Permanent Urban Settlement among Migrants**

Homeownership, especially first-time ownership, is closely related to the permanent urban settlement (Cui et al., 2016). A long-standing cultural tradition in Chinese society is that legally owning an urban residence greatly increases one's sense of security when living in the city. Furthermore, in the context of house price inflation, buying a home is considered an effective way for a family to accumulate wealth (Kochan, 2016; Zhan, 2015). As previously explained, the public rental housing programme in the core of Chongqing is ownership oriented, which provides migrants with a reliable and affordable pathway to realise their preference for permanent urban settlement through buying public rental housing. Thus, another binary logistic regression model is built to understand the extent to which migrants intended to buy public rental housing in order to realise their preference for permanent urban settlement in the near future. The dependent variable is the plan to realise the preference for permanent urban settlement through buying public rental housing, and the key independent variable is the occupation of public rental housing. Only the 264 migrants who had a preference for permanent urban settlement in the post-reform period are included in the model. Outcomes are presented in Table 5.3.

Surprisingly, among migrants who had a preference for permanent urban settlement in the post-reform era, those who did not reside in public rental housing were more likely to state a plan to achieve that through buying public rental housing. This further indicates the gap between the expected and actual role of public rental housing in facilitating the realisation of a preference for permanent urban settlement among migrants. It is assumed that before entering public rental housing, tenants might already have planned to achieve permanent urban settlement through buying their public rental dwelling. However, after having lived in such a dwelling for a while, they might have changed their mind, as the community facilities in predominantly public rental housing neighbourhoods remain largely underdeveloped (Yan,
2014). Indeed, the link between buying public rental housing and achieving permanent urban settlement is not only a matter of obtaining shelter, but is also about the quality of the obtained citizenship rights and the investment of the family. As mentioned before, schools and hospitals in the public rental housing neighbourhoods have been poorer in quality than those in commercial housing neighbourhoods. Moreover, due to the sharp increase of house prices, the strategy of buying public rental housing may not be cost-effective for migrants, because, in the future, public rental housing could only be sold back to the local government at cost prices.

Table 5.3 modelling the realisation of a preference for permanent urban settlement among migrants, with odds ratios shown

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Through buying PRH</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Occupant of PRH</strong></td>
<td></td>
</tr>
<tr>
<td>Accessed PRH (R: not accessed PRH)</td>
<td>0.973**</td>
</tr>
<tr>
<td><strong>The Hukou status</strong></td>
<td></td>
</tr>
<tr>
<td>Intra-provincial (R: inter-provincial)</td>
<td>1.255</td>
</tr>
<tr>
<td>Agricultural hukou (R: Non-agricultural hukou)</td>
<td>2.210*</td>
</tr>
<tr>
<td><strong>Household Characteristics(family head)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Demographic factors</strong></td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>1.984**</td>
</tr>
<tr>
<td>Gender (R: female)</td>
<td>1.416</td>
</tr>
<tr>
<td><strong>Marital status</strong></td>
<td></td>
</tr>
<tr>
<td>Spouse works in the city (R: no spouse)</td>
<td>0.657**</td>
</tr>
<tr>
<td>Spouse does not work</td>
<td>1.226*</td>
</tr>
<tr>
<td>Spouse separated</td>
<td>1.014</td>
</tr>
<tr>
<td><strong>Child cohabitant</strong></td>
<td></td>
</tr>
<tr>
<td>Living with school age child (R:without)</td>
<td>0.846***</td>
</tr>
<tr>
<td><strong>Parent cohabitant</strong></td>
<td></td>
</tr>
<tr>
<td>With at least one parent living together (R: without)</td>
<td>1.348**</td>
</tr>
<tr>
<td><strong>Numbers of urban kinship</strong></td>
<td>1.384</td>
</tr>
<tr>
<td><strong>Socio-economic factors</strong></td>
<td></td>
</tr>
<tr>
<td>Family income</td>
<td>0.998***</td>
</tr>
<tr>
<td>Years of schooling</td>
<td>0.795**</td>
</tr>
<tr>
<td><strong>Occupation (R: Informal contract migrants)</strong></td>
<td></td>
</tr>
<tr>
<td>Self-employed entrepreneur migrants</td>
<td>0.656**</td>
</tr>
<tr>
<td>Formal Contract Migrants</td>
<td>0.889**</td>
</tr>
<tr>
<td><strong>Migration experience</strong></td>
<td></td>
</tr>
<tr>
<td>Better regions (R: Not better regions)</td>
<td>0.293*</td>
</tr>
<tr>
<td>Duration of stay in the Chongqing city</td>
<td>0.681**</td>
</tr>
<tr>
<td><strong>Housing experience</strong></td>
<td></td>
</tr>
<tr>
<td>Housing score of the previous housing</td>
<td>1.044*</td>
</tr>
<tr>
<td>N</td>
<td>264</td>
</tr>
<tr>
<td>Nagelkerke R Square</td>
<td>0.457</td>
</tr>
<tr>
<td>(-2) Log likelihood</td>
<td>198.436</td>
</tr>
</tbody>
</table>

Notes: R means reference in each independent variable; *p<0.5; **p<0.01; ***p<0.001.
Table 5.3 also shows that those migrants who planned to realise their preference for permanent urban settlement through buying public rental housing mostly exhibited certain disadvantages, including being of an older age, having less education, having an agricultural hukou or an informal work contract, originating from “not better regions,” having shorter stays in the core of Chongqing, having a lower family income, not cohabiting with school age children, living with parents or having an unemployed spouse, or being single. This confirms the argument that migrants with stronger ability to purchase commercial housing may not take public rental housing as a pathway to realise permanent urban settlement.

Discussion and Conclusion

Urbanisation has been seen by the Chinese state as the key factor in the development of China's economy since the early 1980s, and it has also meant allowing millions of migrants to work in cities without providing them the right to either access local social services or settle in cities permanently. The priority of the New Urbanisation Plan, which officially took effect in 2014, has been to change these previous circumstances and encourage a substantial portion of migrants to settle in cities permanently. To achieve this, the Plan reduced discrimination in hukou and public rental housing contexts that has prevented migrants from obtaining permanent urban settlement for over 30 years.

In the near future, the extent to which migrants participate in the New Urbanisation Plan will influence the socio-demographic, economic, and residential landscape of urban China. Although a substantial number of studies have predicted a positive effect of opening up public rental housing for migrants, due to the lack of empirical data, few have actually looked at the link between access to public rental housing and the preference for permanent urban settlement (Liu et al., 2016). This paper aimed to narrow that knowledge gap. Based on individual data collected in Chongqing, the first and only city that has opened access to both the local urban hukou and public rental housing for migrants at a broad scale, the paper examined how the key institutional factors—such as policy transition, hukou status, and public rental housing occupancy—and non-institutional factors related to the preference for permanent urban settlement among migrants before and after the policy transition. Furthermore, the paper looked at factors that related to the plan to approach permanent urban settlement via the purchase of public rental housing among migrants.

The results show that, although barriers in education and age have been reduced, other socio-economic barriers, such as income and occupation, still strongly relate to the preference for permanent urban settlement among migrants. Therefore, it is not enough to simply reduce the barriers of hukou and access to public rental housing. Local governments
need to further strengthen migrants' economic capacity to achieve permanent urban settlement. The relaxed *hukou* and public rental housing policies have encouraged more migrants to state a preference for permanent urban settlement in the core of Chongqing. However, occupying public rental housing did not greatly encourage migrants to prefer permanent urban settlement. This indicates a gap between the expected role and the actual role of public rental housing among migrants. Migrants have been dissatisfied with public rental housing and uncertain about buying these homes. Among those who had a preference for permanent urban settlement in the post-reform era, only disadvantaged migrants would be more likely to will to end their housing career in public rental housing. Those migrants with more bargaining power in the housing market would not take public rental housing as a necessary ladder towards permanent urban settlement. This finding supports concerns over the strategy of repaying loans via selling off public rental housing. This strategy might be especially unrealistic for second and third tier cities in which housing prices have not been increasing rapidly, and homeownership thus remained accessible for the majority of migrants. However, these cities have been earmarked as the major cities that will enforce public rental housing and *hukou* reforms. Thus, local governments of these cities should be aware of the risk of selling off public rental housing to fund large scale new public rental housing programmes. They have to either work out other ways to finance the construction or establish policies to attract migrants to buy public rental housing. For example, they have to ensure that migrants gain the value appreciation of investment in public rental housing when the sitting public rental housing is sold back.

Another concern is with the concentration of disadvantaged migrants in independent and undeveloped public rental housing neighbourhoods. As disadvantaged migrants extend their leases for permanent urban settlement and other more disadvantaged residents move into public rental housing, segregation in housing may emerge and it may prevent migrants of higher social-economic status accessing public rental housing. An investigation has shown that 40% of public rental housing in Chongqing has been occupied by unemployed or retired residents (Kaifeng Foundation, 2011), and this proportion is rising. A considerable number of low-skilled migrants have become jobless and are living on government compensation after achieving permanent urban settlement in the core of Chongqing (Gan et al., 2016). This phenomenon has run counter to the fundamental ideology of the New Urbanisation Plan. Being guided by elements of productivism, the public rental housing policy is supposed to serve the goal of absorbing migrants who will be conducive to enhancing domestic consumption and demand. To deal with this contradiction, local governments need to keep the social mix of public rental housing neighbourhoods. They need to draw lessons from the experiences of other countries that have already undergone such urbanisation processes. For
example, in Latin America in the 1960s and 1970s, the rapid pace of urbanisation led to many farmers with no land and no regular job becoming new urban citizens, which caused serious conflicts in terms of urban polarisation and social integration (Portes, 1989). Municipalities need to make public rental housing also attractive for advantaged migrants and control the proportion of disadvantaged residents in public rental housing. To do so, it is not recommended to blindly distribute public rental housing with incomplete facilities and more efforts need to be put in improving the living conditions.

Lastly, the results also show that, by providing discriminatory privileges for intra-provincial rural–urban migrants in obtaining permanent urban settlement, the hukou reform has created a dichotomy between these migrants and the rest. As argued above, the likely strategy behind this relates to the urban development strategy in Chongqing: The government expects the settlement of intra-provincial rural–urban migrants to boost urban growth, while also providing more rural land for the further development of the region. The key behind this problem is the Chinese land management law that restricts the trade of land among administrative regions (Mullan, Grosjean, & Kontoleon, 2011). Regions receiving inter-provincial rural–urban migrants who achieve permanent urban settlement have to bear all costs for integrating migrants as urban citizens, while regions sending migrants out gain their rural assets. The better the living conditions a region has, the more attractive it becomes for migrants, and the more it has to spend in receiving migrants. To offset the cost of expanding public services for migrants, land becomes an important compensation for local authorities, and thus, in the core of Chongqing, preferential conditions have been given to intra-provincial rural–urban migrants. Although, in recent years, the Chinese state has adjusted its distribution of land for urban construction based on the increase of migrants in cities, this has not fixed the uneven situation between receiving and sending regions. Therefore, more reforms are needed to solve the problems related to the land of migrants so that the inter-provincial migrants—who accounted for nearly 55% of all Chinese migrants in 2010—can improve their share in permanent urban settlement (NBSC, 2010).

Limitations of the study must also be mentioned. One drawback is that the paper excluded migrants who returned to their hometowns during the study period; another is that the study selected a city where hukou and public rental housing reforms have been the most extreme in China. These factors may have caused some bias in our results. Another limitation is that our research findings are based on data collected during a specific time, namely, the very early stage of hukou and public rental housing reforms. The full aftermath may still be influenced by some more recently enacted regulations and policies. Finally, as the actual achievement of permanent urban settlement among migrants was still rare when we collected
our data, the study could only reveal migrants' initial attitudes towards policy transition. We should be aware that these initial preferences might not always result in actual behaviour.

A recent national report has revealed that the implementation of policies on permanent urban settlement has fallen behind the expectation of the government (NDRC, 2016). Of course, fundamentally, both the selective permanent urban settlement policy and the extent to which the migrant population is willing to settle in cities need to be further discussed. Apart from that, this study makes an important contribution to knowledge on the relationship between the recent hukou and public rental housing policies and the preference for permanent urban settlement among migrants. As more Chinese cities have adapted more relaxed hukou and public rental housing policies in order to encourage migrants to settle in cities, an understanding of migrants' decisions and preferences regarding permanent urban settlement in the first case where this new policy was enacted—Chongqing—may be important in guiding other cities' efforts in this sphere.

Acknowledgment

My sincere thanks are due to Prof. Sako Musterd for assisting me to form the paper and to Prof. Richard Ronald for improving the language of the paper.

Notes

1 Chongqing, one of the four direct-controlled municipalities of China, is governed at the provincial level. Although being named as a city, its territory is 82,400 km², with 94% constituted of rural areas. To make the study comparable with other city-level studies, in terms of urbanisation stage, population structure, and economic development, the empirical analysis is based on a survey conducted in the core of Chongqing, including the districts of Yuzhong, Shapingba, Jiu longpo, Yubei, Jiangbei, Beibei, Banan, and Da dukou.

2 The latest grading of Chinese cities has located Chongqing between the Tier 1 and Tier 2 cities. However, there is a bias as the evaluation used the data of the entire territory of Chongqing and thus compared a province-size city with other normal cities. This paper uses the data of the core of Chongqing. Its GDP per capita and population density in 2015, and its housing price-to-income ratio and rent-to-income ratio in 2017 have been close to the average level of Chinese cities.

3. Our clarification is based on the work of Z. Li (2010), who divides migrants into three socio-economic groups: labour migrants, entrepreneurial migrants, and intellectual migrants. The paper argues that since the first two categories are defined based on occupational status and the third on educational level, there could be overlaps among the three groups. Thus, this paper defines migrants based on occupational status and work contract, both of which
Migrants and the New Stage of Public Housing Reform in China

represent migrants' affiliation with (or support from) employers and their participation in social insurance schemes, which are essential for migrants to prove their eligibility to access public rental housing.

References


6. Conclusion and Discussion

Introduction

This thesis investigated urban social processes related to Chinese government attempts since 2010 to expand public housing provision as well as encourage migrants to participate in both the public housing regime and to permanently settle in urban settings. In contrast to previous policies, recent attempts have been considered the revival of public housing development in China (Chen et al., 2013), and have a close relationship with structural transformations in the Chinese economy and rising concerns about increasing social inequalities in cities (Li et al., 2016). In this chapter, the conclusions of the research carried out will be discussed and evaluated. Before that, I will briefly summarize the context of the research.

Since the opening up policy, the urbanization rate of China has leaped from around 18 per cent in 1978 to around 55 per cent in 2014 (National Bureau of Statistics of China, 2015). Meanwhile, since 2010, the share of migrants in the total urban labour force has jumped to over fifty per cent (China development research foundation, 2010). The transfer of rural-urban surplus labour has provided an inexpensive labour force for the growth of urban manufacturing and service industries, allowing China to build a vast export based economy. Unfortunately, the governments’ payment for the economic-contributions of migrants has been poor; they have used the Chinese hukou system to restrict migrants’ access to decent jobs and urban welfare benefits including public housing, education, health care, pensions, etc (Kuang & Liu, 2012). Inevitably, for a long time, migrants did not see cities as their future home, and to a large extent, they generally minimized their urban consumption and sent savings back to their hometowns (Li et al., 2009).

In the 2010s, however, the national government has appeared to improve the marginalized situation of migrants as the old link between migrants and the city has started to hinder the economic growth in China (Wang et al., 2015). The aging of urban population, the increasing scarcity of low-cost labour and the substantial slowdown of the inflow of migrants have made it difficult for China to maintain its focus on exports. Meanwhile, the burden of relying on government monetary investment to stimulate GDP growth has continued to accumulate. Within this context, the Chinese government established a series of structural reforms, officially called the New Urbanization Plan from March 2014, to revive its economic growth and shift its economic reliance from exports and governmental investments towards domestic demand (The state council of China, 2014). The New Urbanization Plan aims at building a more stable, socially secure and inclusive society for migrants, and to revive urban
economic growth. It announced that 100 million people, equivalent to 30 per cent of the migrant population, will receive an urban *hukou* by 2020. These policies have been established with multiple goals. First, absorbing more rural-urban working age migrants represents a convenient way to maintain the labour supply for urban industry. Second, promising migrants a chance to settle in cities permanently is likely to stimulate them to invest in housing and other goods, which would result in a significant increase in domestic demand. Third, once rural-urban migrants choose to change their official (*hukou*) identity from agricultural to non-agricultural, the government may eventually claim back their rural land. This would provide important new resources for future urban expansion. Given that migrants constitute over 40 per cent of the urban population, if the New Urbanization Plan is realized at a broad scale, the demographic and socio-economic impact of migrants could be very powerful.

One of the top priorities of the New Urbanization Plan is to reduce the barriers for migrants and their families to stay in cities in the long run (The state council of China, 2014). The particular targets are the *hukou* barrier to welfare benefits and access to public rental housing, the only type of subsided housing that migrants can apply for. However, reforms have had rather limited success at the local level. There has thus been rising interest in whether creating urban inclusiveness would actually be provided for, and accepted by migrants (Huang et al, 2017; Hui et al., 2014). Although *hukou* reforms and access to public housing have long been a concern of academics, very little empirical research has focused on these issues: relaxed *hukou* and an increasing supply of public rental housing (Liu, et al., 2016). Moreover, although both academia and national reports reveal that migrants have expressed an increasing willingness to integrate more in cities (Cao, et al., 2015; Wang & Hu, 2015), their approach towards permanent urban settlement remains an under-researched issue.

The research undertaken and presented in this thesis aimed at filling the above research gaps. Taking Chongqing, so far the first city that has carried out a massive and inclusive public rental housing programme and that has made intensive efforts to enable migrants to acquire an urban *hukou* as an example, this thesis provides a timely analysis on the local implementation of the New Urbanization Plan and migrants’ response to it before and after the policy transition. The theoretical contribution of the thesis related to first, linking the development of the housing system in China to the framework of the changing welfare state, second, exploring a re-organised government-market relationship which has, for the first time, helped the revival of public housing provision in China, and third, providing new insights into the roles that institutional reforms have played in influencing migrants’ urban integration. More precisely, the objective was to examine whether the relaxed public housing policy and
inclusive hukou system have encouraged migrants’ preferences for public rental housing and, the further step, to come up with a plan to settle in cities permanently. We divided the research into four questions, and answers to each research question are elaborated on below.

**Answers to the Research Questions**

*Public housing in China, the perspective of welfare regimes*

Chapter 2 applied the framework developed by Hoekstra (2003) to link the housing system in China to the welfare regime theories elaborated by Esping-Andersen (1990) and Holliday (2000, 2005). The results show that, overall, the housing system in China has developed from a social-democratic or socialist welfare regime to a more market-orientated one, with elements of the corporatist regime involved in the transition. The housing system in China has shared characteristics that reflect both western and eastern welfare regime constellations. These features varied across different stages in economic growth and societal development. The current housing system demonstrates elements of both social-democratic and productivist regimes. It is split into two sub-systems targeted at local residents and migrants, respectively, with the former focusing on social protection and the latter focusing on social investment. Our city level comparison between Chongqing and Beijing on contemporary public rental housing provision shows that, although the two cities have established contradictory policies and different scales of housing provision to migrants, policies share similar productivist welfare regime elements. Local governments have linked access to public rental housing to the needs of the local labour market, and the ultimate goal has been to facilitate local economic growth. The comparison shows significant diversity of the housing system within the national context, (in our study, either friendly for migrants, as in Chongqing, or strict, as in Beijing), a finding that is consistent with the phenomenon of ‘variegated capitalism’ or a ‘hybrid system’ in China (Wang & Murie, 2011).

*The Chongqing public rental housing programme: structure, incentives and stability*

Public housing provision in China provides a laboratory to re-examine and re-interpret the consociation of the national state, local governments and the market. That is because the contradictory institutions and forces in China: the developmental state at the central level, entrepreneurial local governments and growth-oriented marketization, can also be shown in other countries, especially in East and Southeast Asia (Ronald & Doling 2014; Kwon, 2005). Chapter 3 examined the provision structure of, and political and economic incentives behind the public rental housing programme in Chongqing. It showed that the emergence of the Chongqing programme was a result of a series of necessary pre-conditions. The specific political and economic role that Chongqing played in China, especially in the vast western
part of China, gave Chongqing a basis from which to establish possible reforms for the public rental housing programme. Moreover, the distorted political incentives of Bo Xilai, the previous municipal party secretary of Chongqing, played an important role in enforcing the financing of the public rental housing programme: expanding land-based finance, pushing forward hukou and ‘dipiao’ reforms (see Chapter 3 for details) and empowering state owned enterprises in borrowing money from banks. Ultimately, Bo Xilai tried to use the programme as a rhetorical tool in his quest to secure a seat on the politburo standing committee.

The Chongqing programme brings us a new perspective on the development of public services in a market-oriented economy in the socialist society of China. It reveals that, instead of extending the role of the market, local governments may strengthen their control of markets and resources to enable greater cooperation between governmental and market actors in promoting public services. This cooperation reflects features of ‘neo-liberalisation with Chinese characteristics’, localized neo-liberalisation and state neo-liberalisation (Harvey, 2005; Tang, 2014). Moreover, we expressed concerns about the radical reforms which facilitated the construction of public rental housing, like land finance, the hukou reform and the dipiao policy. These concerns include the strategy of using land to obtain large loans and then relying on the appreciation of land prices to repay the loans, blindly transforming jobless migrants into urban citizen, putting rural migrants in an unfair land market.

Preferences for public rental housing among migrants in Chongqing

Based on retrospective data collected in Chongqing in 2013 and government released data available from the website of the public rental housing bureau (2013-2016), chapter 4 examined factors related to the stated preference for public rental housing, the behaviour of putting the stated preference into action, and the intensity or persistence of the action, as expressed by the number of times people applied for public rental housing. Results reveal that the gap between the stated preference for public rental housing and the actual access to public rental housing was large among migrants in Chongqing. Although the public housing programme in Chongqing has managed to accommodate a large population of migrants, consistent with experiences in other cities, a mismatch still existed between the public rental housing policy and migrants’ status and housing demands. For instance, dissatisfaction regarding the distance between public rental housing and work/school and concerns over the success rate of housing allocation lotteries and over the stability of policy related to the revealed preference for public rental housing negatively. Application criteria that require applicants to provide proofs of a stable occupation and being able to pay social security insurances was still a main barrier for migrants to access public rental housing. Comparing with those migrants who stayed in private rental housing, migrants stayed in the employer
supplied housing were less likely to be willing to move into public rental housing. A larger dwelling and a location not close to industrial parks are conditions that motivated migrants to persist in applying for public rental housing. However, such types of public rental housing have been in short supply in Chongqing.

**Permanent Urban Settlement of Migrants in Chongqing**

Based on the survey data, in chapter 5 we examined whether policy transition has influenced migrants to settle in ‘Chongqing city’ permanently. As expected, in the first two years of policy transition, migrants became more likely to state a preference for permanent urban settlement in ‘Chongqing city’. However, occupancy in public rental housing did not greatly encourage migrants to really strive for permanent urban settlement. It even discouraged many of them to realise such a preference through buying a public rental housing unit. This shows that migrants who actually lived in public rental housing might have become dissatisfied with either public rental housing or the associated welfare benefits of public rental housing. Only disadvantaged migrants were more likely to make efforts to achieve permanent urban settlement through buying public rental housing. Moreover, the *hukou* system created a dichotomy between intra-provincial rural–urban migrants and other categories. Priority has been given to the former because of the economic benefits that these migrants may bring to local governments via exchanging their rural assets for permanent urban settlement. Older migrants treated permanent urban settlement as the guarantee of accessing the local old-age pension programme, and would be more likely to state such a preference. These results indicate that in the near future, there might be a concentration of disadvantaged and jobless migrants in public rental housing neighbourhoods.

**Discussion**

The research presented in this thesis, and the conclusions drawn from it, produced much material for continued discussions on welfare regimes, the housing provision structure, access to public rental housing, and access to cities. This will facilitate new debates about the New Urbanization Plan. The thesis pointed out that the Chinese government has treated the expansion of public housing as a solution to multiple problems, including the economic downturn, the slowing growth of domestic demand, a growing shortage of the urban labour force, and increasing social inequalities between local residents and migrants, as well as between advantaged and disadvantaged migrants. There remain many obstacles to the process of realizing national goals, such as conflicts between the national and local governments, the lack of political and economic incentives for local governments, the poor quality of public rental housing, inequalities regarding access to public rental housing, and dissatisfaction with
Thoughts about research on housing provision structure

The Chongqing programme demonstrates how local government apparatus tap into market resources for the efficient construction of public rental housing. The realization of the programme requires a level of coercive power of the municipality and a high degree of cooperation between the government and the market. Since 2011, other Chinese cities too have established experiments, working out modes in which market sectors take major responsibility in investment in public rental housing programmes. However, the de facto achievements have been limited and the goals of housing reform often remain rhetorical. It is important to note that some reforms in Chongqing established in 2011, like the *hukou* reform and the consolidation of state owned enterprises, have been mirrored in the New Urbanization Plan established in 2014. However, conflicts still exist in the process of implementing the New Urbanization Plan. Therefore, further studies are required on both the policy rhetoric and the policy practices regarding the development of public housing and *hukou* reform in China.

(1) Possible effects of the New Urbanization Plan

Our examination of the housing provision structure in Chongqing before 2013 logically did not take into account the institutional changes brought about by the New Urbanization Plan since 2014. Relevant future research may consider the impact of the Plan. For instance, it may be interesting to evaluate the current strategy of strengthening decentralized governance, which may actually prohibit the revival of public housing in China. Since the establishment of the New Urbanization Plan, the Chinese state has carried out a series of reforms. It put unprecedented pressure on, and gave much autonomy to local governments and forced them to engage with the growing housing difficulties faced by low- and low-to-middle income households. Goals of the New Urbanization Plan have been very ambitious. From 2012 to 2020, the state intends to expand the coverage of its public housing provision from 12.5 per cent to over 23 per cent of the urban population. Meanwhile, it aims to transfer 200 million migrants to cities by the year 2020 (The state council of China, 2014). However, means of achieving these goals have been vague. National guidelines for overcoming existing dilemmas in organising the investment in welfare development remain very unclear and impractical. The state holds the general principle that local governments should create their own financing arrangement to promote public housing without harming local economic growth. This institutional structure may worsen the relationship between national and local governments, and both sides may try to pass on the responsibilities to each other.
Chinese local governments actually have a tradition of being very pragmatic and perfunctory in increasing their material inputs in public housing since the decentralisation and tax reform (Zou, 2014). This relates to a complex institutional foundation, including the GDP dominated assessment of local performance, a preference for short-term return at the local level, property rights ambiguity, the recentralisation of fiscal revenues, decentralisation of economic decision making and land management, and local land based finance (Wu, 2002; Zou, 2014). Over forty years, local government investment in social welfare and the urban infrastructure has mainly relied on profits from land financing. The New Urbanization Plan calls for reduced reliance on land financing but does not suggest effective ways to ensure smooth public rental housing construction. Under this policy, along with the increasing scarcity of urban land and the increasing difficulties in land financing to support public investment, local governments have often considered spending land resources on public housing unadvisable. They prefer supplying less expensive land to industries and commercial business, even at a cost below that of acquisition, because there is a positive external effect on land values and taxation in their surroundings. These issues need to be considered in future studies on housing governance in China as well.

The institutional reform of the New Urbanization Plan has inevitably contributed to widespread informalities and irregularities in local governance. Apart from an incomplete and weak implementation of urban welfare, there may also have been intensive practices and even ill-considered reforms creating trouble at the local level in a very short period of time. This can be illustrated with the public rental housing programme, the hukou reforms and the dipiao policy in Chongqing. Admittedly, political incentives of Bo Xilai played a crucial role in the Chongqing programme. He tried to use the programme as a tool to achieve a higher political position, and exerted coercion over state-owned enterprises and market actors to realize his goals. Our study reveals that, under the Chinese political regime, political incentives of local governments have played an essential role in local policy implementation. With regard to the development of not-for-profit programmes, their role may even have been more important than the economic incentives provided. In other words, in the Chinese context, one of the keys for developing public rental housing might be the incentives, rather than the capabilities of, local governments. The Chongqing municipality announced that the investment in public rental housing (100 billion yuan) would bring about 400 billion yuan in GDP growth to Chongqing. Of course, not every local authority would have such strong incentives as Bo Xilai had, and there remain concerns over the feasibility and sustainability of the Chongqing programme. However, it reveals a possible direction for developing public rental housing. Unfortunately, the New Urbanization Plan does not pay sufficient attention to stimulating the political incentives of local governments. Local governments are requested to make their own
plans on public housing provision based on their specific ‘situations’. While they get rewards from the state if they fulfill the national construction targets, they are not seriously punished if they fail.

(2) Some emerging changes in public housing provision

The thesis also addressed the ways in which the Chinese government has exaggerated their achievements in public rental housing development in order to quell public concern over related social problems. Government reports on public housing development have always been positive. The statistics reveal that there has been a consistent increase in the total amount of subsidized housing in the 2010s. However, a closer look at the figures reveals that the increase in public rental housing has actually been limited. For instance, in 2015, the national government aimed to provide 7.4 million subsidized housing units, while the resettlement of squatters only added up to 5.8 million units – an increase of 1.1 million from the previous year (The state council, 2015). The remaining 1.6 million units of subsidised housing consisted of economic affordable housing and various sources of public rental housing, and only a tiny part of the latter was open to migrants. Future research should take this into account when using statistical data regarding the development of public rental housing. Some of the approaches in developing public rental housing, recognised as ‘tricks’ in this thesis, have been legalized since the New Urbanisation Plan. For instance, local governments have been encouraged to build public rental housing on collectively-owned rural land (Zou, 2014). Many issues concerning the property rights shared between urban housing developers and rural land owners, the compensation enjoyed by rural land owners, and the provision structure, require further examination.

This thesis only focused on the development of public rental housing, neglecting homeownership-oriented public housing. Both national and local governments have been motivating the market sector to fill the investment gaps in public housing development. However, except for pressure from the government, economic objectives still drive the incentives of market actors, when they are active in public housing investment. Therefore, homeownership-oriented public housing, like the squatter resettlement programmes and ‘limited price housing’, has been more interesting for the market. Financial burdens on building these housing types have been smaller than building public rental housing. For instance, resettlement schemes are part of urban renewal plans and demolished housing can mostly be found at good locations, which have high commercial value. This ensures a sufficient compensation to both the investors and displaced families. Moreover, monetised squatter resettlement stimulates displaced households to buy commercial housing. Vacant and unpopular housing is also allocated to displaced households as compensation. These all help deal with the oversupply of market housing. In contrast to that, public rental housing does not
bring in considerable market benefits either in the short run nor in the long run. The repayment of loans mainly relies on the rent from housing units and on other real estate income in public rental housing neighbourhoods. Meanwhile, there have been increasing difficulties regarding the maintenance of public rental housing neighbourhoods. There is a lack of funding for repairs and upgrading of the public facilities, and there are complexities in rent collection and checking the eligibility of the residents. Future research, therefore, should also pay attention to the reluctance of market sectors to invest in public rental housing.

**Social exclusion and the New Urbanization Plan in China**

The New Urbanisation Plan seems to have provided the migrant population a set of supporting housing policies and a stronger position with regard to access to urban citizenship. Unfortunately, the research in this thesis reveals that the interests of migrants are still secondary to the interests of business. Local governments use urban *hukou* transfers as a ticket for accessing welfare benefits and target their distribution to migrants who directly contribute to economic growth. Moreover, the New Urbanisation Plan may also bring new conflicts and cultivate social exclusion to urban in China. Below, we express some concerns and criticisms over the key findings of the thesis, and suggest some future research directions to improve the insights in this field.

**1) Inequalities between targeted and non-targeted migrants**

The thesis demonstrated that, although the standards and regulations for accessing public rental housing have been different across Chinese cities, they reveal elements of a productivist regime, which has created inequalities between targeted and non-targeted migrants. In Beijing, migrants with advantages in occupation skills, education level or wealth accumulation are prioritized. The image of Chongqing is more complicated. The privileged migrants in Chongqing have been either migrants with a stable occupation and able to pay insurance contributions or intra-provincial rural–urban migrants who exchange their rural assets for an urban *hukou*. The former provides a more ‘desirable labour force’ for urban industry and the latter brings new land resources for future urban use.

As the fundamental ideology of the New Urbanisation Plan is to enhance domestic consumption by providing urban citizenship to migrants, priorities are given to existing migrants who have already realised a fairly stable life in cities, rather than disadvantaged migrants who actually are more likely to prefer public rental housing and permanent urban settlement. The *hukou* reform aims at legalizing the stay of these disadvantaged migrants in cities, and the provision of public rental housing aims to facilitate this process. Criteria for getting access to permanent urban settlement are still related to occupation, wealth and length of stay. However, chapter 5 shows that those migrants who stated a preference for permanent
urban settlement might not really access public rental housing. This indicates that the targeted migrants may already have managed to find solutions for their housing problems themselves. The welfare benefits provided by the New Urbanisation Plan may not be sufficiently attractive and helpful for such migrants. This may undermine the roles that public services play in improving the livelihood and citizenship of all migrants in cities, and may further increase inequalities between migrant categories.

The other inequality that has been revealed is between intra-provincial rural–urban migrants and inter-provincial rural–urban migrants. As discussed in chapters 4 and 5, the former have been privileged by the local government because of the economic benefits they were likely to gain from reclaiming their rural assets, after the migrants had claimed urban citizenship. Inter-provincial rural–urban migrants would not contribute to their destination cities in the same way because of the Chinese land management law. Eventually, they have to return their rural assets to the village community they belong to. In 2011, nearly 80 per cent of migrants have flown to the Eastern regions of China, and in these areas, inter-provincial migrants accounted for over 67 per cent of the migrant population (National Population and Family Planning Commission, 2012). There has been ongoing discussion on who should pay for the welfare benefits of these migrants, the national state, the city that receives migrants, or the regions where the rural assets of migrants are returned to? This phenomenon of favouring intra-provincial rural–urban migrants has not been popular in first-tier cities like Beijing because in these cities the urbanization rate is extremely high, which makes the price gap between rural and urban land much smaller. However, it has been popular in second-tier and third-tier cities as these cities still have more undeveloped land to profit from and to generate government revenues.

This thesis did not include involuntary migrants, but we would like to briefly address the dichotomy between voluntary and involuntary migrants here. Involuntary migration is a practice of policy-based incorporation that provides urban citizenship to rural residents in the process of land acquisition. The process has no selection on occupation, education and income, and is only tied to the land of the involuntary migrants. Therefore, it also brings a considerable number of low-skilled involuntary migrants who become jobless and live on government compensation after receiving an urban hukou. This has been considered ‘urbanization with joblessness’. In contrast, permanent urban settlement of voluntary migrants is featured as ‘urbanization with middle class’ or ‘the elite-based selection’. It is estimated that the population of involuntary migrants would increase to 100 million in 2020 (Huang, 2010). Concerns should also be raised about the livelihood of involuntary migrants in China.
The hukou reform and the permanent urban settlement plan

The spatial imbalance between targeted and non-targeted cities in connection to the New Urbanisation Plan is also an issue. The Plan has nominated the third-tier and fourth-tier cities as the main cities to carry out hukou and housing reforms. It also authorised cities to come up with their own regulations by which migrants can enjoy urban benefits. However, and in contrast, first and second tier cities, the large coastal cities, have proposed stricter requirements that favour migrants with a high education level or work skills at the expense of low-skilled migrants. They turned out to have fewer restrictions on permanent urban settlement. The national government intends to use hukou and housing policies to re-allocate the migrant population among Chinese cities. However, the fundamental driving force of migration has been the concentration of more job opportunities, higher salaries, good-quality resources and public services in the destination cities. Although the Chinese state has carried out many policies to narrow the gap between larger coastal cities and the third-tier and fourth-tier cities, the former have still been more attractive to migrants. In 2015, nearly 75 per cent of the migrant population was concentrated in eastern regions of China (National Population and Family Planning Commission, 2016). Unless this resource bias is re-addressed and social services and infrastructure are more equitably available across the country, the strategy of setting higher entry requirements may not help large cities in coping with the massive influx of migrants. Setting a quota to artificially guide migrants to third and fourth tier cities may not work either because it doesn’t seem to be what migrants want.

Very little research has examined how migrants in China actually wish to settle in cities, and in what types of cities? Moreover, there has been a lack of research testing whether the national goal of bringing 200 million migrants to cities by the year 2020 is reasonable. As the value of rural land keeps rising, migrants would actually like to maintain their original status for over more years before they make a final decision on their settlement. If reforms on hukou and public rental housing would not absorb enough migrants as urban citizens, local governments may use the New Urbanisation Plan as an excuse to push more rural migrants off their land. In such a case, conflicts would emerge in the process of taking away the rural assets of migrants while promises of compensation are defaulted on. Problems may arise as conflicts between vulnerable individuals and mighty government or business interests. However, disagreements can also be caused by the corruption of local governments and village collectives, and migrants who are bargaining for compensation.

The change from migrants to urban residents is not a simple issue of shifting hukou identity and gaining access to urban welfare, even though these are important too. Relocation and dramatic changes in their livelihoods will often be a shock to migrants. It relates to the life and occupation trajectory of the family, their sense of belonging to the city, adaptation to
an urban life-style, status in the labour market, and so on. However, the key problem of the New Urbanisation Plan is that it does not intend to raise the capacity of migrants who settle in cities. It just aims at attracting migrants who want to settle in cities. Similarly, the ultimate goal of the New Urbanisation Plan is to boost the consumption level of migrants. However, the government has not established means for migrants to increase their income. The government intends to accomplish the shift from low-consumption to high-consumption migrants via upgrading the urban industry and expanding the service sector. The current conflict is that, on the one hand, migrants are aware of their importance for urban industry and know their economic rights in rural areas, while on the other hand, the New Urbanisation Plan does not ensure migrants equal access to, and fair payment for their urban work, as well as sufficient compensation from handing over their rural assets to the rural community. These conflicts will likely negatively impact on the participation of migrants in the New Urbanisation Plan. Moreover, the rapid, massive and concentrated construction of public rental housing and other welfare goods and services, like schools, carry great risks, including social dislocation, concentrated poverty and misguided investment. The fraught history of social housing projects in America and Europe would be a warning to China. In contrast with the popularity of public rental housing in Chongqing, there have been notable vacancies in some other cities, and this contradiction needs further exploration. Finally, I would argue that economic incentives are still dominant in the implementation of the New Urbanisation Plan, and it is still too early to call the New Urbanisation Plan a people-centred plan which brings with it greater equity and builds an inclusive society.

Shortcomings of the selection of Chongqing and Data collection

Although the thesis has addressed the representativeness of the city of Chongqing, there are also some limitations regarding that selection. Compared with other cities, Mr Bo Xilai, the Communist Party secretary of Chongqing between 2007 and 2012, has used rare and extreme personal power to ensure the realization of the housing programme. The programme should, however, not be ascribed to the strength of one person. After Bo Xilai was found guilty of corruption and left Chongqing in 2013, as we described in Chapter 5, the Chongqing programme is still running and has achieved its goals before 2016. So far, other cities in China have not achieved such a massive construction of public rental housing. From this perspective the scale of the Chongqing housing programme might not be very representative, but in the meantime the main scheme of the provision, such as cooperation between the state-owned-enterprises and market sectors, and hukou and land reforms that assisted the programme, has already been imitated by a range of other cities.
Second, the definition of ‘the Chongqing city’ requires some discussion. With its territory reaching 82400 km$^2$, Chongqing actually should be treated as a province in China. To make the empirical study comparable with other city-level studies, in terms of urbanisation stage, population structure and economic status, we selected the core nine districts of Chongqing as our survey area. The selection was based on a common recognition of the urban planning of Chongqing. Statistics also provide other classifications of the core of Chongqing, like the old core six district zone which is smaller than, and inside of, the core nine district zone. There is also the ‘one-hour economic zone’ which is bigger than and includes the nine district zone. Third, due to a lack of data, when introducing ‘Chongqing city’, we did not consider the net migrant population of that area. It has been shown that the net migrant population of the whole territory of Chongqing has been negative. However, a certain proportion of Chinese large cities have had a positive net migrant balance. It may be a good idea for future research to distinguish cities also by their net migrant population, as this factor reflects the attractiveness of a city for migrants and also partially indicates the population structure of a city.

Third, the main survey conducted as part of this thesis in 2013, was realized only two years after the establishment of the Chongqing programme. At that time, the future of public rental housing policy was very promising. The municipality still declared that public rental housing would be sold to qualified households at a discounted price after a five-year rental period. The application requirement was also relaxed in 2012. These are important considerations for interpreting the research in this thesis. It seems relevant to conduct follow-up surveys to look at how residents’ attitudes have changed along with the development of the housing programme in Chongqing. In that regard, efforts should also be made to include migrants who returned to their hometowns during the study period. These migrants have now been excluded, and this may cause some bias in our results. Finally, as the actual achievement of permanent urban settlement among migrants was still rare when we conducted the survey, the thesis could only reveal the initial attitudes of migrants towards the policy transition. We should be aware that these initial preferences might not always result in actual practices.

**References**


MIGRANTS AND THE NEW STAGE OF PUBLIC HOUSING REFORM IN CHINA

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 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.

References


SAMENVATTING

MIGRANTEN EN DE VOLGENDE FASE VAN DE HUISVESTINGSHERVORMING IN CHINA

Inleiding

Door de snelle wereldwijde urbanisatie is het vraagstuk van de huisvesting van een groeiende populatie binnen- en buitenlandse migranten een enorme uitdaging geworden voor zeer veel (grote) steden. In China heeft de staat sinds de jaren tachtig van de vorige eeuw de regulering van de migratie versoepeld en de industrialisatie en urbanisatie steeds meer bevorderd. Het gevolg is dat in veel (grote) steden sprake is van een snelle toestroom van enorme aantallen binnenlandse migranten. Er wonen nu meer dan 200 miljoen migranten in de Chinese steden, en meer dan 80 procent van hen is geconcentreerd in het oosten van China (National Population and Family Planning Commission, 2016). Helaas worden de migranten, ondanks hun buitengewone bijdrage aan de spectaculaire successen die de Chinese economie de laatste decennia heeft geboekt, door de belemmeringen van het registratiesysteem voor huishoudens (hukou) uit 1958 nog altijd behandeld als ‘tweederrangs’ en als tijdelijke bevolkingsgroep, met heel beperkte toegang tot de stedelijke welzijnsvoorzieningen, waaronder sociale huisvesting (Wang & Murie, 1999). Hoewel de lokale overheden de opdracht hadden de marginalisatie van migranten te bestrijden, dienden hun activiteiten vóór 2010 voornamelijk twee economische belangen: het op peil houden van een toereikend aantal migranten-arbeidskrachten voor de economische groei van de stad en beperking van de stedelijke bestedingen aan de instromende migrantenpopulatie. Als gevolg hiervan ontvangen de migranten maar weinig steun vanuit de overheid. Degenen die werkzaam zijn in de industrie en de dienstensector, krijgen van hun werkgevers bijvoorbeeld tijdelijk, overvol en slecht onderdak aangeboden (Wu, 2004).

In scherpe tegenstelling tot de toenemende huisvestingsproblemen van migranten, is de huisvesting van lokale stadsbewoners aanzienlijk verbeterd sinds China in 2008 een nieuw begin maakte met haar volkshuisvestingsbeleid (Huang & Tao, 2015). De uitbreiding van de sociale woningbouw was bedoeld als oplossing voor nieuwe problemen in de Chinese economie en samenleving. Zij moest met een ruimer woningaanbod de vertraging in de
binnenlandse economische groei bestrijden, alsmede de oververhitting van de huizenprijzen sinds de bevordering van marktwerking en privatisering op huisvestingsgebied vanaf 1998 (Chen e.a., 2014). Hoewel migranten in principe ook worden opgenomen in specifieke nieuwe huisvestingsplannen, zoals het sociale huurwoningprogramma (gongzufang), trad er weinig verbetering op tot het ‘Nieuwe Urbanisatieplan 2014-2020’ (The State Council of China, 2014). In het Nieuwe Urbanisatieplan wordt ervoor gepleit de huidige, op investeringen in infrastructuur gebaseerde Chinese economie om te vormen tot een op consumptie gebaseerde economie. Ten aanzien van migranten worden strategieën gehanteerd zoals grootschalige uitbreiding van de sociale huursector en de pogingen om 100 miljoen migranten ertoe te brengen hun hukou-status in te ruilen voor die van lokale stads-hukou en zich tegen 2020 blijvend in de stad te vestigen (The State Council of China, 2014). Deze strategieën hebben drie doeleinden: verdere urbanisatie mogelijk maken door de instroom van migranten op peil te houden, extra binnenlandse vraag genereren door toenemende stedelijke integratie van migranten, en waarborgen van politieke en sociale stabiliteit door vermindering van de ongelijkheid op huisvestingsgebied tussen migranten en lokale bewoners. Zo krijgt het recht van migranten op stedelijke huurvesting en burgerschap recentelijk meer aandacht. Tot nu toe is de door de overheid georganiseerde sociale huursector, de universele vorm van gesubsidieerde huurhuisvesting in China, het enige type sociale huisvesting dat voor migranten beschikbaar is (Chen e.a., 2014).

**Onderzoeksfocus**

In dit proefschrift wordt getracht een algehele studie te presenteren van de ontwikkeling van de sociale huursector in China vanuit het perspectief van zowel welzijns- als huisvestingsbeleid. Ook is onderzocht hoe individuele burgers op deze structurele factoren reageren.

Hoewel de doelstelling van meer woningen voor migranten in de sociale huursector al sinds 2010 op de agenda staat, ontbreekt helaas een duidelijk concreet plan om die doelstelling te bereiken. Het centrale staatsgeslag heeft weliswaar de lokale overheden opgedragen manieren te onderzoeken om het publieke aanbod van huurwoningen uit te breiden, maar heeft nagelaten de bestaande bestuursstructuur te hervormen of problemen met betrekking tot het aanbod van bouwgrond en tekorten aan grondstoffen op te lossen. Het gevolg is dat de kloof tussen politieke retoriek en beleidspraktijk alleen maar groter is geworden (Huang & Tao, 2015). Hoewel in Chinese steden verschillende vormen van sociale huurhuisvesting van de grond zijn gekomen, heeft alleen de stad Chongqing de nationale doelstellingen gerealiseerd wat betreft het wegnemen van de hukou-belemmeringen, het
verbeteren van de toegang tot de sociale huursector en het verlenen van huisvestingsbijstand aan de omvangrijke migrantenpopulatie (meer dan 260.000 mensen). Er is heel weinig onderzoek gedaan naar de logica achter de uiteenlopende uitvoeringspraktijken in de Chinese steden. Zorgvuldig onderzoek naar de onderliggende bestuursstructuur en incentives van de nieuwe programma’s voor de sociale huursector ontbreekt geheel. Ook is niet adequaat onderzocht hoe de specifieke successen van Chongqing tot stand zijn gekomen.


Verder ligt de focus van het proefschrift op de reactie aan de vraagzijde van de sociale huisvesting. Aangezien lokale overheden in het algemeen terughoudend zijn geweest bij de uitvoering van China’s huisvestingsbeleid ten aanzien van de sociale huursector, ontbreekt het aan voldoende gegevens die inzicht bieden in individuele reacties op de uitvoering van sociale huurwoningbouw in China. In dit verband verschaft het proefschrift een hoognodige analyse van primaire data die zijn verzameld in Chongqing. De in dit proefschrift bestudeerde reacties betreffen in de eerste plaats de houding van migrantenhuishoudens tegenover de toegang tot de sociale huursector en in de tweede plaats hun voorkeuren ten aanzien van permanente vestiging in de stad. In de analyse wordt eerst nagegaan in hoeverre het huidige sociale huurhuisvestingsbeleid voldoet aan de huisvestingsvraag van een gediversifieerde migrantenpopulatie. Verder wordt onderzocht of het bestaande inclusieve stedelijke welzijnsbeleid heeft geleid tot verbetering van de marginale positie van migranten wat betreft hun huisvesting in de stad. De antwoorden op deze onderzoeksvragen bevorderen het inzicht in het nieuwe type vraag naar migrantenhuishvesting en de nieuwe levenslooppatronen die in de hedendaagse sociaaleconomische context zijn ontstaan.
Gegevens en methoden

De analyse in het proefschrift beweegt zich van het macro- naar het microniveau en omvat verschillende theoretische perspectieven. In hoofdstuk 2 wordt het kader voor welzijnsbeleid, zoals opgesteld door Esping-Andersen (1990, 1999) en Holliday (2000), toegepast om transformaties in het huisvestingsbeleid in China te onderzoeken. In hoofdstuk 3 worden theorieën met betrekking tot decentralisatie, neoliberalisme en huisvestingsbeleid toegepast om conflicten, incentives en experimentele oplossingen te onderzoeken in verband met de grootschalige bouw van sociale huurwoningen in Chongqing. De hoofdstukken 4 en 5 bevatten kwantitatieve studies op basis van enquêtegegevens van migranten die al ten minste een halfjaar in Chongqing wonen maar nog geen lokale hukou-status hebben. Hierbij zijn theorieën over levenslopen en uitgesproken (stated) en verhulde (revealed) voorkeuren (preferences) toegepast om de discrepanties tussen uitgesproken woonvoorkeuren en werkelijke verhuizingen van migranten te onderzoeken. We hebben binaire regressiemodellen geconstrueerd om een schatting te maken van de voorkeuren van migranten voor de sociale huursector (hoofdstuk 4) en voor meer permanente vestiging in Chongqing (hoofdstuk 5).

Resultaten en discussie

Welzijns- en huisvestingsbeleid in China
In hoofdstuk 2 is de transformatie van het Chinese huisvestingsbeleid onderverdeeld in vier fasen, van een sociaaldemocratisch of socialistisch welzijnsbeleid tot een meer marktgericht regime, die tijdens de transitie verweven waren met corporatistische en productivistische elementen. Uit de uitkomsten blijkt dat, hoewel China wordt geregeerd door een socialistische politieke partij, het huisvestingssysteem in het land veel overeenkomsten vertoont met dat van westerse en Oost-Aziatische landen. Bovendien is het hedendaagse huisvestingssysteem gesplitst in twee subsystemen die zich respectievelijk richten op lokale bewoners en migranten, het eerstgenoemde met een focus op sociale bescherming, het laatstgenoemde met een focus op economische doeleinden. Hoewel het huurhuisvestingsbeleid voor migranten een aanmerkelijke ruimtelijke diversiteit vertoont wat betreft de schaal en regulering van de toegankelijkheid, hebben de lokale praktijken bepaalde soortgelijke productivistische welzijnsbeleidselementen gemeen.

Het sociale huurwoningprogramma in Chongqing
Chongqing is geconfronteerd met financiële lasten waar ook andere steden tegenaan zijn gelopen bij de bouw van huurwoningen in de publieke sector. Toch is Chongqing erin geslaagd in de periode 2011-2013 een buitengewoon groot aantal woningen in de sociale
Huursector te bouwen. In hoofdstuk 3 wordt getoond dat een belangrijke voorwaarde voor de realisering van het sociale huurwoningprogramma werd gevormd door de onzuivere politieke stimulansen van Bo Xilai, de vorige partijsecretaris van de stad Chongqing, die de bouw van huurwoningen in de publieke sector probeerde te gebruiken als materieel en retorisch instrument in zijn jacht op een zetel in het Permanente Comité van het Politibureau van de Communistische Partij. De drie voornaamste middelen waarmee Chongqing het woningaanbod in de sociale huursector feitelijk financierde, waren grondopbrengsten, hervorming van de hukou en de ‘dipiao’-hervorming. Deze elementen zijn inmiddels ook in het beleid van andere steden opgenomen. Het verschil met Chongqing zit echter in het vermogen om de drie benaderingen af te dwingen en staatsbedrijven erop te laten toe te zien dat de winsten ervan worden gebruikt voor de bouw van huurwoningen in de publieke sector. Het programma van Chongqing laat zien dat zelfs met de bestaande bestuursstructuur en in een marktgerichte economie de lokale overheid haar greep op de markt en andere middelen kan versterken om meer samenwerking tussen overheids- en marktactoren mogelijk te maken bij de bevordering van publieke diensten. Het proefschrift werpt echter ook vragen op over de drie benaderingen.

Huisvestingsvoorkeuren in de sociale huursector onder migranten in Chongqing

In hoofdstuk 4 worden factoren vergeleken in verband met uitgesproken voorkeuren voor woningen in de sociale huursector, het in praktijk brengen van die voorkeuren en meer aanhoudende inspanningen om toegang te krijgen tot sociale huurwoningen. De uitkomsten laten zien dat er een substantieel verschil is tussen migranten die een voorkeur uitspreken voor huisvesting in de sociale huursector en migranten die daadwerkelijk toegang hebben gekregen tot huisvesting in de sociale huursector. Hoewel migranten meer dan 50 procent van de sociale huurwoningen in Chongqing bewonen, is er net als in andere steden een wanverhouding blijven bestaan tussen het sociale huurwoningprogramma en de status en huisvestingswensen van migranten. Factoren met een negatieve uitwerking zijn ontevredenheid over de afstand tussen huisvesting en werk/school, bezorgdheid over de slagingskans van de verlotingen waarbij men een huis in de sociale huursector kan verkrijgen, zorgen over de stabilititeit van het beleid, en de inschrijvingscriteria waarin wordt gevraagd om bewijs van een vaste baan en het vermogen om op de langere termijn sociale verzekeringsschepen te betalen. Daarnaast lijkt er een verband te zijn tussen enerzijds de behoefte aan een grotere woning en een locatie niet te dicht bij een industrieterrein en anderzijds meer inschrijvingsactiviteit onder migranten.

Permanente vestiging van migranten in Chongqing

In dit deel van de studie worden enkele positieve effecten aan het licht gebracht die het
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Publieke programma voor huurhuisvesting en de hervorming van de *hukou* hebben gehad om migranten aan te moedigen zich permanent te vestigen in Chongqing. Door een meer inclusief huisvestings- en *hukou*-beleid spreken migranten vaker een voorkeur uit voor permanente vestiging in de stad Chongqing dan voorheen. Onder het nieuwe beleid zijn de verschillen naar leeftijd, inkomen en opleiding bij het aangeven van een voorkeur voor permanente vestiging in de stad dan ook minder geworden. Migranten spreken nu eerder een voorkeur voor permanente vestiging in de stad uit in verband met toegang tot een sociale huurwoning die later kan worden gekocht. Maar de analyse laat ook zien dat een uitgesproken voorkeur voor permanente vestiging in de stad niet altijd betekent dat die voorkeur ook wordt gerealiseerd. Zelfs migranten die toegang wisten te krijgen tot sociale huurhuisvesting, kwamen in het algemeen niet tot permanente vestiging. Sterker nog, migranten die in sociale huurwoningen bleven wonen, gaven er over het algemeen de voorkeur aan hun uitgesproken voorkeur voor permanente vestiging in de stad door de aankoop van hun huurhuis niet te realiseren. Dit geeft aan dat migranten die naar sociale huurwoningen verhuisden, uiteindelijk wellicht ontevreden waren over hun huisvesting of de daarmee geassocieerde welzijnsvoordelen. Bovendien bleek beroepsdiscriminatie een rol te blijven spelen, omdat migranten moesten bewijzen dat zij over een stabiele baan beschikten en de premie voor een basisverzekering konden betalen voordat ze in aanmerking konden komen voor permanente vestiging in de stad. Ten slotte lijkt er een tweedeling te zijn ontstaan tussen intraprovinciale migranten van het platteland naar de stad en andere categorieën migranten. De prioriteit is uitgegaan naar de eerste van beide groepen vanwege de potentiële economische voordelen die deze migranten de lokale overheids opleveren wanneer zij hun bezittingen op het platteland opgeven voor de lokale *hukou* in de stad.

**Conclusie**

Het proefschrift bevat kwalitatieve en kwantitatieve analyses van het recente Chinese huisvestingsbeleid en de effecten daarvan op migranten. Vanaf 2010 heeft de Chinese regering voor het eerst huisvesting en burgerschap in de stad op grote schaal opengesteld voor migranten. De Chinese regering beschouwt deze hervormingen als oplossing voor meerdere problemen, waaronder de economische stagnatie, de vertraagde groei van de binnenlandse vraag, de toenemende tekorten aan arbeidskrachten in de steden en de toenemende sociale ongelijkheid tussen lokale bewoners en migranten, alsmede tussen bevoorrechte en minder bevoorrechte migranten. Meer kennis en begrip van nieuwe huisvestingsstrategieën en -praktijken op lokaal niveau, en van de houding van migranten tegenover het nieuwe beleid en de effecten die het op hen heeft, is dringend noodzakelijk en is daarom de focus van dit
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proefschrift geworden. In de conclusies wordt het Chinese huisvestingssysteem in een meer mondiale context geplaatst en wordt getracht nieuw inzicht te krijgen in de rollen die verschillende actoren spelen bij het waarborgen van de bouw van nieuwe woningen in de sociale huursector. Ook wordt de daadwerkelijke houding van migranten tegenover sociale huurhuisvesting onderzocht, zoals die blijkt uit oorspronkelijke empirische gegevens, alsmede het effect dat het inclusieve huisvestings- en hukou-beleid heeft gehad op de voorkeuren van migranten voor permanente vestiging in de stad.

Literatuur


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 the new housing strategies from a more global perspective, re-examinations of the roles that different actors have played in ensuring the construction of new public rental housing, as well as migrant attitudes to the new policies and their respective impacts on migrants, have been urgently needed and have thus become the focuses of this thesis.