



Assessment and determinants of residential satisfaction with public housing in Hangzhou, China



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ABSTRACT

Improving public housing allocation efficiency and residential satisfaction is the key to the better realization of the social inclusion goals. We assess residential satisfaction with public housing and examine its determinants, based on the Hangzhou public housing household survey. We found that neighborhood environment, public facilities and housing characteristics are the main factors that influence residential satisfaction. Public housing allocation scheme, social environment and residence comparison also have influences. Among the four types of public housing, cheap rental housing has the highest residential satisfaction, followed by public rental and monetary subsidized housing, while economic comfortable housing has the lowest residential satisfaction. The residents in public rental and monetary subsidized housing pay more attention to the neighborhood environment, residents in cheap rental housing are more concerned about the housing and neighborhood characteristics, and economic comfortable housing residents care more about the neighborhood characteristics and public facilities. Therefore, the government should not only improve the physical environment of public housing, but also the public housing allocation scheme and social environment. The different needs of public housing residents should also be considered to improve residential satisfaction and the allocation efficiency of public housing.

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Introduction

China is experiencing the peak of massive public housing construction which has been underway since 2010. The Chinese government declared its ambition to build 36 million units of public housing in 12th national five-year plan (2011–2015). The China Communist Party's Eighteenth Meeting (2012) clearly put forward the need to strengthen the construction and management of public housing. During this massive expansion of public housing construction, understanding how to better meet low-income groups' housing needs and make them higher residential satisfaction is the key to realize low-income households' housing dream and promoting social inclusion.

Influenced by the new liberalism of recent years, public housing policies in many European and American countries focus on home

ownership. This is not only associated with social inclusion, but also viewed as a personal success. Housing plays a very important role in the social life of Chinese people. The desire to “live and work happily” has deep roots in the Chinese family, so no matter where they reside, housing must be a top priority, especially for low-income households.

Residential satisfaction has long been the subject of housing studies and defined as residents' satisfaction with both the objective and subjective residential environment (Galster, 1987). Some studies have assessed the degree of inhabitants' residential satisfaction towards their residential environment (Mohit, Ibrahim, & Rashid, 2010; Salleh, 2008). Others empirically examine the impact factors of residential satisfaction in various countries (Galster, 1987; Ibem & Aduwo, 2013; Mohit, Ibrahim, & Rashid, 2010). The findings of these studies offer a better understanding of residential satisfaction in several ways. First, they provide a conceptual framework for how housing characteristics, neighborhood environment, social environment and housing allocation institutions (housing allocation scheme and policy) influence residential satisfaction (Mohit & Nazyddah, 2011).

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Second, they benefit us for better understanding of residents' housing needs (Caldieron, 2011; Lee & Park, 2010). Lastly, these studies provide evidences and guidance on the various determinants of residential satisfaction. In addition, study of residential satisfaction with public housing could not only help evaluate residents' quality of life, but also help assess the quality, utility and allocation efficiency of public housing (Lara & Bekker, 2012; Liu, 2003).

Although the existing studies provide rich insights, there is yet little consensus on the general pattern or the specific mechanism of residential satisfaction across various groups in different countries, especially in developing countries. Also, there is little empirical study on residential satisfaction with public housing. Understanding and improving residential satisfaction with public housing is important for realizing the goal of housing security and social inclusion, because unlike residents in private housing, public housing residents, a relatively disadvantaged group, find it difficult to solve housing problems by themselves, and improve their residential satisfaction through the market. In addition, the influences of the allocation institutions of public housing on residential satisfaction, has not been well explored.

Therefore, we examine residential satisfaction with public housing across cheap rental housing, public rental housing, economic comfortable housing and monetary subsidized housing in China. Based on survey data collected in the east coast Chinese city of Hangzhou in 2012, this study aims to answer the following questions:

- (1) To what extent do public housing residents have residential satisfaction?
- (2) Which objective and subjective factors are meaningful for residential satisfaction with different types of public housing?
- (3) Do housing allocation institutions impact on the residential satisfaction of public housing groups?

This study bridges gaps in the literature on residential satisfaction and housing allocation policy evaluation of public housing in China, one of the largest developing countries carrying out an ambitious public housing plan.

The next section reviews the background of public housing in China. The literature review outlines the relevant literature on residential satisfaction. The research design section describes the study area, survey data and method. The section on results presents the findings of the analysis and a discussion. The conclusion offers a summary of the findings and policy implications.

Research context

Background to public housing in urban China

China has a unique experience of public housing development. Before 1998, public ownership housing dominated in urban China.

Such housing was provided by work units with a strong socialist ideology, and lease to employees with low rent only covering the maintenance costs (Wang, 2011). However, the work units-based welfare housing program was formally abolished after the market-oriented housing reform in 1998, and the majority of work unit-owned housing was quickly privatized. The housing condition of urban residents has greatly improved, the floor area per capita rapidly increasing from 6.7 m² in 1978 to 32.9 m² in 2012, and the home ownership rate almost reached 90% in 2012 (NBSC, 2013). However, the supply of public housing lags behind this rapid overall marketization. In recent years, surging house prices and a lack of affordable housing for urban middle- and low-income households, especially in larger cities such as Beijing, Shanghai, Shenzhen and Hangzhou, have triggered widespread complaints, which threaten the social harmony and political stability (Chen, Yang, & Wang, 2014).

Correspondingly, the Chinese central government committed to develop public housing in 2007, and a massive public housing construction program has been implemented since 2009. 16.3 million units of public housing began construction and 16 million units were completed in China during the period of the 11th Five-Year Plan (2006–2010). During the 12th Five-Year Plan (2011–2015), the Chinese central government will build 36 million units of public housing, meaning that the coverage of public housing across China will reach 20%. The new public housing is managed by local government and developed by local government supervised real estate developers, not by work units or employers as in pre-reform period.

Public housing in Hangzhou

Hangzhou city is in the east coast area of China, the capital of Zhejiang Province. Until 1998, the welfare housing allocation system had formally transformed to market oriented system, in which people needed to buy or rent housing at the market price. Without sufficient public housing development and provision at the marketization reform of real estate, housing price soared and people experience great pressure in buying an apartment. Public housing schemes have been underway in Hangzhou city since 1999. However, the public housing development lag behind the rapid development of housing market, the city government initiative a massive public housing program in 2009. During the 12th Five-Year Plan (2011–2015) of housing security, Hangzhou city government committed to build 131 thousand units and 13.9 million m² of public housing.

Currently, public housing in Hangzhou is supplied through a system of diversified multilevel provision. There are mainly four types of public housing in public housing allocation schemes (Table 1). The first is cheap rental housing, which is expected to meet the housing needs of the poorest urban households. The second is public rental housing, modeled after public housing in Hong Kong, which appeared in 2009 and was soon elevated to the national scheme. The third is economic comfortable housing,

Table 1
Four types of public housing in Hangzhou.

Type	Start year	Target group	Eligibility requirement
Cheap rental housing	2001	Lowest-income urban households	Residence permit (<i>Houkou</i>), living space per person ≤ 15 m ² , household per person income ≤ 2.5 times of standard of lowest social security
Public rental housing	2004	Mainly for new graduates and migrants	No residence permit required
Economic comfortable housing	1999	Low- and middle-income urban households	Residence permit, household living space ≤ 48 m ² , household disposable income $< 80\%$ of average annual income
Monetary subsidized housing	2001	Lowest-income urban households	Residence permit, income and living space per person threshold

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