



The changing prevalence of housing overcrowding in post-reform China: The case of Shanghai, 2000–2010



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Over the last two decades, China has experienced a drastic transformation of the housing system as well as rapid urbanization. By utilizing a pool of household-level micro data from three waves of national population census (2000, 2005 and 2010), this paper traces the evolution of housing overcrowding conditions in Shanghai since the marketization of the housing sector. We find that the overall incidence of housing overcrowding in Shanghai did not improve over the period from 2000 to 2010. The subgroup decomposition analysis shows that rural migrants consistently make up the majority of households living in overcrowded housing in Shanghai. The regression-based decomposition analysis further reveals that, even holding everything else equal, migrants are still much more likely to be subject to the risks of overcrowding than natives. We conclude this paper with discussions of policy implications.

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Introduction

Living in adequate housing conditions is widely accepted as one of the most important aspects of people's lives and is often considered to be a key proxy indicator of people's socio-economic status (UN-HABITAT, 2010). Until 1978, nearly all households in urban China lived in deprived housing conditions: the average living space per person in urban China was only 3.6 m² (in terms of housing construction space, 6.7 m²), and 47.5% of urban households lived under extremely overcrowded housing conditions (living space per person less than 2 m²) (Hou, Ying, & Zhang, 1999). After the watershed termination of welfare housing provision in 1998, the market came to the central stage of housing provision in urban China (Wu, 2001). Over the period from 1998 to 2011, more than 9.3 billion m² or approximately 100 million units of housing were built in urban China, leading the average housing construction space per person in urban China to improve from 18.7 m² in 1998 to 32.7 m² in 2011 (NBSC, 2011).

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However, the success in expanding the urban housing stock through the market has been accompanied by a rapid increase in housing prices, making home purchases increasingly unaffordable for low-income households and particularly for young workers (Chen, Hao, & Stephens, 2010). The housing market has also experienced polarized housing consumption between different tenures and different socio-economic and demographic cohorts (Logan, Fang, & Zhang, 2010; Man, 2011). Meanwhile, since the beginning of 21st century, China has experienced rapid urbanization, and the urbanization rate currently grows at more than 1% per year (World Bank, 2012). Nonetheless, most rural to urban migrants are excluded from the formal housing market and is concentrated in so-called “urban villages” (Zheng, Long, Fan, & Gu, 2009). According to an official report, in 2011, only 37% of rural–urban migrants were accommodated by the private rental market, and the rest mainly lived in overcrowded dorms or shanty sheds at workplaces (PFPC, 2012).

Thus, although the shortage of the housing stock in urban China has been greatly alleviated over the last decade, tensions over distributional issues still plague the government. The literature has extensively studied the expanding inequality of housing consumption in the transition to markets in Eastern European countries and China (Huang & Jiang, 2009; Logan, Fang, & Zhang, 2009; Sato, 2006; Szelenyi, 1987). However, the

literature on the Chinese housing sector focuses mainly on the reform period or early post-reform period, but limited information is given about the situations in which the market dominates housing provision.

This paper contributes to the literature by offering an updated examination of how the prevalence of housing deprivation has evolved in China over the last decade. In addition to describe a general national profile, we mainly focus on the dynamics of housing overcrowding in Shanghai by utilizing a pool of household-level micro data from three waves of national population census (2000, 2005 and 2010). The long period that the data covered allows us to trace the historical evolution of housing overcrowding in Shanghai from the early post-reform era to date. The full coverage and high creditability of census data assist us in producing reliable findings for the whole population. More importantly, the rich information of census data makes it possible to investigate household-level determinants of housing scarcity.

The remaining sections of this paper are organized as follows: we first provide a brief literature review of the research on housing poverty and housing overcrowding, followed by explaining the methodology used in this paper. Later, we provide a brief introduction of housing deprivation in urban China and Shanghai and then examine the general profile of housing poverty in Shanghai with a series of housing poverty indicators. Further, we decompose poverty by subgroups, and multi-dimensional poverty indicators are also applied, followed by a multivariate analysis of the determinants of the likelihood of housing overcrowding. Finally, we conclude this paper with summary of the key findings and major policy implications.

Literature review of housing poverty and overcrowding

The concept of housing poverty

The right to adequate housing has been long recognized as an important component of human rights in a number of international human rights instruments. Clarified in the 1991 General Comment No. 4 by the UN Committee on Economic, Social and Cultural Rights, the human right to adequate housing is derived from the right to an adequate standard of living and is believed to be of central importance for the enjoyment of all economic, social and cultural rights (UN-HCHR, 1991). According to Sen (1999), poverty is by nature multifaceted and the dimensions of poverty go far beyond inadequate income. To complement the limitation of “income poverty”, the concept of “housing poverty” was proposed in the UN-HABITAT’s (1996: 109) Global Report on Human Settlements 1996. The indicators of housing poverty are believed especially useful to measure the quality of household wellbeing in the absence of reliable poverty statistics based on people’s incomes and assets (UN-HABITAT, 1996).

The literature has widely suggested that housing poverty may greatly contribute to aggravate the situations of income and wealth poverty (Matlack & Vigdor, 2008; Sato, 2006; Stephens & Steen, 2011; Zheng et al., 2009). Housing poverty is thus relevantly linked to the discussions of poverty because it can be seen as both a consequence and a source of poverty (Galster, 1987). As advocated passionately by the UN-HABITAT (2010), ensuring adequate housing is an effective means by which to alleviate poverty.

Housing overcrowding: concepts and measurement

Nonetheless, housing itself is also a multi-dimensional good. Housing is not just a question of four walls and a roof (UN-HABITAT,

2010). According to the UN-HCHR (2009) (the Office of the United Nations High Commissioner for Human Rights), major aspects of the right to adequate housing under ICESCR include habitability, accessibility to service, affordability and the security of tenure. The literature has long attempted to measure the quality of housing services (and then the extent of housing poverty) with a single composite indicator, but so far, no widely accepted consensus has been achieved (Fiadzo, Houston, & Godwin, 2013; Morris, Woods, & Jacobson, 1972).

However, as agreed by many international organizations and government agencies worldwide, the most important element of housing poverty is the inadequate space of housing occupation (Blake, Kellerson, & Simic, 2007; UK Parliament, 2003; WHO, 2000: 5–14). Overcrowding reflects the inadequacy of the basic human need for shelter, and an insufficient amount space per person is fundamentally detrimental to people’s wellbeing (UNDP 2000). The overcrowding indicator is also one of key criteria used by UN-HABITAT (2010) to define an urban area as “urban slum”. The WHO (2000) confirms that the likelihood of disease transmission greatly increases in overcrowded environments.

Overcrowding standards are either based on persons per room, space per person or both. For example, the UN-HABITAT (2010) defines overcrowding as more than three persons sharing the same room. The standard of overcrowding used in the UK Census is also room-based, which assumes that every household requires a minimum of two common rooms (excluding bathrooms). On the other hand, the indicator of living floor space per person is a key input to produce the Multi-dimensional Poverty Index (MPI) published by the United Nations Development Programme (UNDP, 2010). As recommended by the WHO (2000), overcrowding can probably best be measured in terms of the average living area per person in the place of residence. While the literature has yet to yield a single, widely accepted standard for a space-based overcrowding indicator (Blake et al., 2007), the WHO’s (2000) accepted standards for floor space are 7–9 m² per person. Further, a recent US-HUD report proposes to measure the US standard of overcrowding with the criteria of 165 ft²/person (roughly 15 m² per person) (Blake et al., 2007). In the UK Parliament (2003) Housing Bill, the space standard of overcrowding deems a minimum of 90 ft² (roughly 8.1 m²) of floor area space for one person.

Research methodology

Overcrowding indicators

This paper considers housing overcrowding to be the major dimension of housing poverty. Thus, in the following sections, the terms “housing overcrowding” and “housing poverty” are used interchangeably unless there are specific notations. For this reason, the analysis techniques in this paper are largely based on the anatomy of poverty studies. The Foster, Greer, and Thorbecke (1984) (FGT) class poverty index is a generalized class of poverty measures and is widely used in the literature. The FGT-class poverty index takes into account not only the headcount frequency (or ratio) of the “poor” but also the shortfall depth and inequality distribution of the “poor” (Foster et al., 1984). Major advantageous properties of FGT-class poverty indices include their “subgroup additive decomposition” (the overall level of poverty as a weighted average of subgroup poverty) and “subgroup consistency” (the overall level of poverty falls whenever poverty decreases within some subgroup and remains unchanged in the rest of the population) (Foster & Shorrocks, 1991).

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