

The extreme primacy of location: Beijing's underground rental housing market

Annette M. Kim

Price School of Public Policy, University of Southern California, 650 Childs Way, RGL 305, Los Angeles, CA 90089-0626, USA



ARTICLE INFO

Article history:

Received 11 June 2015

Received in revised form 6 October 2015

Accepted 29 November 2015

Available online xxxx

Keywords:

Beijing

China

Affordable housing

Migrants

Underground

Commute

ABSTRACT

This article analyzes Beijing's subterranean housing market within the context of the city's larger housing supply system. The emergence of this widespread market of rooms for rent in bomb shelters and basements indicates a demand for housing attributes that neither the mainstream private housing market nor public housing programs yet supply. The study collected market data about these rental units from internet ads during October 2012–September 2013 and mapped their locations, displaying their general spatial distribution. Next, a hedonic price model was deployed on this data which reveals the relative priorities and preferences in price levels, location, and housing amenities of the middle–lower income population, particularly migrants who do not possess *hukou*, Chinese urban residence rights.

© 2015 The Author. Published by Elsevier B.V. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

1. Introduction

Approximately one million people live in underground apartments in Beijing.¹ These subdivisions of basement and air defense shelter spaces are so prevalent, advertisements for these apartments abound on the internet as well as on signs posted around the city. Given that the population of the greater Beijing region is approximately 23 million people, the sizable population living underground has been regarded as a relatively minor phenomenon and received less policy and scholarly attention relative to other low-income informal housing phenomenon such as Beijing's urban villages which house approximately 5–6 million people. Given the lack of research, the intention of this paper is to study this sub-market in order to give a fuller account of the landscape of Beijing's housing market and the demand for housing. More complete information should be beneficial for policymakers seeking to address the complex issue of increasing affordable housing

supply. Beyond China, this unusual market provides a unique opportunity for the international scholarship about social stratification and the revealed housing preferences of low-income populations and migrants to urban areas.

Since this situation may be novel to many, this introduction first explains the phenomenon. Some Chinese cities like Beijing are unusual in terms of the vast amount of underground space that exists.² This situation is the result of a series of policies over the last 65 years that continue to today in which all new buildings are still required to construct underground spaces³ (see Appendix 1). These include two basic official types: the “common basement” (*pu tong di xia shi*) and the air defense basement (*fang kong di xia shi*).⁴ The building construction codes specify how these must be built, which include the provision of infrastructure such as electricity, water, and sewer. So, while it is well-known that

¹ Exact numbers are debated and difficult to verify. The Beijing Civil Defense Bureau estimates an underground population of 150,000. The 2009 statistics from Beijing Housing and Construction Commission counts 17,000 basements in Beijing housing 800,000 people (Xing, 2011a). Meanwhile, the Beijing construction and civil defense committees estimate underground population of 1–2 million (Xing, 2011b). As is discussed later in the article, the census has counted over 4 million “non-native” people without Beijing *hukou* that live in the city center but it is unclear what percentage of these are migrants and where they live exactly.

² While this study exclusively focuses on Beijing, underground housing is found in other northern arid cities such as Shanghai and Tianjin whose geology allows for excavation.

³ Initially started as a part of Chairman Mao's Cold War defense strategy in 1950, air defense construction then expanded in 1978s Civil Air Defense conference which stated that underground spaces should be “comprehensively planned, well constructed, and serve the needs of both peacetime and wartime.” The progression of policy phases regarding the utilization and management of Beijing's underground spaces are summarized in Appendix 1.

⁴ The air defense basement (*fang kong di xia shi*) is a more specific type of civil air defense work (*ren fang gong cheng*) that Huang and Yi (2014) termed.

Chinese cities have constructed an unprecedented number of buildings in the last several decades, this ever-increasing supply of subterranean space is less well-known.

The official policy for twenty-four years encouraged the “economic” utilization of this space during peacetime.⁵ Housing was included in the list of possible uses for this space. One could apply for a Certificate of Use for air defense shelters as well as for common basements if they met the regulatory codes and passed inspections. Such use was seen as helping with the housing shortages and housing affordability problems that have been a challenge for Chinese cities that were grappling with populations swelling with migration to urban centers, increasing incomes and housing expectations, and constrictions on land supply.

But, starting in 2010 there were a series of regulations and plans that constituted a policy reversal that no longer allows underground space to be used for housing (Zhang, 2010). In August 2010, Beijing stopped granting new use permits and made a 3 year plan to evacuate residents from basements. Evictions started taking place in 2011 particularly in the inner most urban districts that have high land values (Li, 2011; Xie, 2012). But there have been a number of challenging implementation issues such as whether to compensate the rights to occupancy that landlords had purchased, the sheer numbers of people involved, and the lack of public, affordable rental housing alternatives.

At the time of this study in 2012–2013, there was still an active and growing online market one could observe on popular Chinese websites that advertised underground housing units for rent. These ads contain rich information such as the apartment’s location, square meter area, amenities, how many stories deep the unit is, as well as the unit’s offered rental price. This study takes advantage of this readily available information to study the demand for this sub-market of rental housing in Beijing in order to find the relative housing preferences of lower-income workers.

2. Literature review to frame the research question

The challenge of developing affordable housing is a global problem, particularly as the world has been urbanizing rapidly, increasing the number of people seeking space in the city (IHC, 2009; UNCHS, 2011). As urban planning and formal markets have not kept pace with this increase, informal housing developments are not only the norm but also often the majority supplier of housing, particularly for low-income newcomers to the city (Kim, 2004, 2007; Lanjouw & Levy, 2002; Roy, 2005; UNCHS, 2003). Amidst this global policy dilemma, there have been many studies about the issue of affordable housing in the Chinese context (Huang, 2012; Qian, 2003; Song, 2011; Wang, 2000). As China has transitioned from a centrally planned economy where the state used to provide all housing through employment work units to a private housing market, the real estate sector has grown explosively. Primarily an investment vehicle, the new housing developments’ price levels are only accessible to those who have enough private savings to purchase a house with little financing. Further challenging the private provision of housing is the restrictions on land supply as the state owns all land and is trying to protect fertile farmland. As a result of the shortage, land on the urban periphery that used to be rural, and is owned by collectives rather than the state, has rapidly developed into a landscape of “urban villages” which have been a major source of lower-income, private housing for those who cannot afford to live in the city center.

As a safety net, the state also provides four types of affordable housing projects, particularly for public employees. While the number of units built is large, it meets only a small percentage of the demand and therefore there are shortages and waiting lists. Until recently, most of these programs involved apartments for sale. In 2011 the

government started a program to provide affordable rental housing (*gong zu fang*) targeted towards recent college graduates and skilled workers in key sectors such as high-tech industries (see Table 4). But, given the recent start of this program, the number of rental units is still relatively small. Fig. 1 shows the location of all the public affordable housing projects, both owned and rental, for which we could find information. As the figure shows, typical of affordable housing projects around the world, this housing is located in more remote parts of the city where land is less costly, but which also makes them less desirable. Also typical, there are reports of widespread subletting where program recipients choose to collect rental income from their publicly provided apartment rather than occupy it themselves and therefore continue to use informal housing themselves.

For all four types of official affordable housing programs, the possession of Beijing *hukou* is a pre-requisite. This household registration permit, a holdover from central planning, restricts households to the public services of the place where they have been assigned from the government. Therefore, a person born into *hukou* of large cities is at a great advantage for better education, health, and infrastructure services. Sometimes *hukou* can be changed if a state-sponsored employer applies for a change for its employee. But, for the most part *hukou* is still a significant barrier for economic opportunity.

However, with the opening of the market economy people have been moving to the large cities anyways without *hukou*. The phenomenon of China’s “floating population” is a huge demographic shift with many implications. While some might be relocating from other larger cities, the majority are rural migrants who have found informal employment and housing in the large cities. Not entitled to receive the public benefits of urban *hukou*, some observers critique that this institutional barrier has provided the low-income labor that has fueled China’s spectacular economic growth.

In terms of housing policy, the housing needs of millions of migrants in urban areas have not yet been adequately met by either the formal market or public policy (Wu, 2002, 2004). The literature on migrant housing issues has primarily focused on the urban villages that have developed on the periphery of major cities (Liu, He, Wu, & Webster, 2010; Song, Zenou, & Ding, 2008; Wang, Wang, & Wu, 2009; Zheng, Long, Fan, & Gu, 2009). However, scholars examining government census figures have deduced that roughly one-half of Beijing’s “non-native” population actually live in the urban center, approximately 4.3 million people (Liu, Wang, Cai, & He, 2013). These include people who may not have Beijing *hukou* for a variety of idiosyncratic reasons and may actually be educated, higher-income peoples from other urban areas. But, low-income migrants must also constitute a significant portion of this group which would imply that millions of migrants are actually living within 7 km of Beijing’s city center and not in the urban villages on the periphery. So, a major gap in the literature is to study the housing situation of the millions of migrants living inside Chinese cities.

Fortunately, the current Chinese administration, particularly Premier Li, has re-affirmed attention to addressing the migrant housing problem. More recently two government sponsored studies of migrant

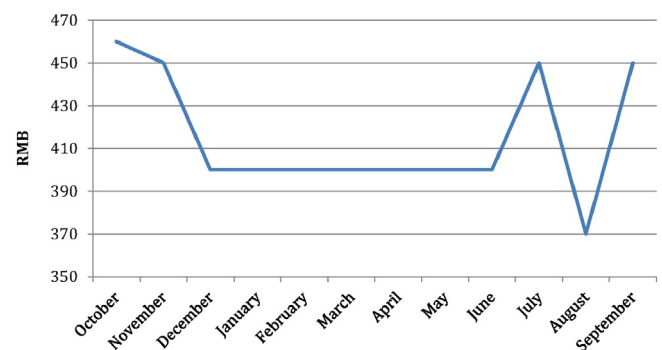


Fig. 1. Public affordable housing projects.

⁵ One of the earliest such policies was published on May 15, 1986 by the Beijing Municipal Bureau of Civil Air Defense, entitled “关于改变结合民用建筑修建防空地下室规定的通知”的实施细则” (*Changes to the Implementation Rules on Constructing Air Defense Shelters by Combining with Civil Buildings*).

Download English Version:

<https://daneshyari.com/en/article/7418320>

Download Persian Version:

<https://daneshyari.com/article/7418320>

[Daneshyari.com](https://daneshyari.com)