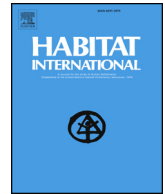




Contents lists available at ScienceDirect

Habitat International

journal homepage: www.elsevier.com/locate/habitatint

An institutional and governance approach to understand large-scale social housing construction in China

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ARTICLE INFO

Keywords:

Social housing
Institution
Governance
Welfare regime
Spatial quality
Large-scale neighborhood

ABSTRACT

The construction of social housing in Chinese cities on a massive scale is considered necessary to meet the urgent housing needs of low- and middle-income households. This article develops an institutional and governance approach to understand large-scale social housing construction in China. It takes Guangzhou as a case study to illustrate the problems faced by many large-scale social housing neighborhoods that have recently been built in the suburbs of Chinese cities, and the impact of institutions and governance activities on the creation of such neighborhoods. It studies the evolution of social housing systems within different welfare regimes in Guangzhou, and examines the influence of institutional factors and the roles of and relationships between various stakeholders on the social housing projects. Suggestions regarding institutional reforms, innovative governance, and new spatial arrangements are given for the sustainable social housing construction in China.

1. Introduction

Many western countries saw a massive amount of social housing construction in the early 20th century, and the regeneration of social housing in the late 20th century. In the United States, social housing programs were established in 1937 to generate employment opportunities following the Great Depression. Later, they were combined with slum clearance programs to meet the needs of low-income households (Dekker and Varady, 2013). In the 1990s, the HOPE VI program was launched to tackle the stubborn and interrelated problems of concentrated poverty and residential segregation, by breaking up social housing estates and promoting mixed developments (Samara, Sinha, & Brady, 2013). In Europe, many countries (particularly the Netherlands) built many large-scale social housing neighborhoods after the second world war. Although there are very considerable differences between social housing schemes across Europe, there are similar trends and tensions. One priority issue in most countries is to improve existing social housing neighborhoods in order to reduce the concentration of poor quality housing and deprived households (Scanlon & Whitehead, 2007). Varying forms of public–private partnerships are becoming more important in the provision of social housing schemes, and new social housing is generally on mixed-tenure sites.

In China, social housing called “indemnificatory housing” (*baozhang fang*) has recently been built on a large scale. It is provided or regulated by governments, and targeted at low- and middle-income households. It was once mainly provided by state work units (Wu, 1996). The mid-1990s saw the introduction of “economically affordable housing” (*jingji*

shiyong fang) in major cities for low- and middle-income households. However, the supply of economically affordable housing has always lagged behind demand, and the affordability of housing in China is becoming both a social and an economic issue, particularly for households that are marginal to the market (Lin, De Meulder, Cai, Hu, & Lai, 2014). The central government believes that the imbalance between the housing sector and socioeconomic development is largely attributed to the insufficiency and inefficiency of the state provision of housing in a fast-growing market economy in which income inequality is rapidly increasing (Li, 2011). The construction of social housing on a massive scale is considered necessary to meet the housing needs of low- and middle-income urban households, and a regulatory tool to cool down the overheated residential property markets (Chen, Zhang, & Lu, 2015). Therefore, China's Twelfth 5-Year Plan, which was drawn up in 2011, included the provision of 36 million social housing units, which would comprise 20% of the total new housing construction by 2015. There are four types of social housing, namely of economically affordable housing, price-limited housing (*xianjia fang*), low-rent housing (*lianzu fang*) and public rental housing (*gonggong zulin fang*, PRH) in Chinese cities. Both economically affordable housing and price-limited housing focus on promoting homeownership and are sold at below-market price to middle- and low-income citizens with urban hukou. Land for economically affordable housing is often allocated to developers and the sale price is restricted to cover the construction cost with a very small profit margin; while land for price-limited housing is obtained through competitive bidding and the sale price is set at around 70–75 percent level of comparable nearby market housing (Chen, Yang, & Wang,

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<https://doi.org/10.1016/j.habitatint.2018.06.001>

Received 22 April 2017; Received in revised form 5 June 2018; Accepted 12 June 2018
0197-3975/ © 2018 Published by Elsevier Ltd.

2014). Since 2014, the low-rent housing scheme has been gradually integrated into the PRH scheme (MHURD et al., 2014). PRH is for rental purposes and targeted at low-income households, including both local citizens and migrants without urban hukou. However, the general rule regarding qualification is not very clearly defined by the central government, leaving the local government with substantial freedom in making its own allocation policies (Chen et al., 2014). The PRH program is largely financed by the local government, but it also receives state supports in forms of discounted and guaranteed land, fiscal backing, tax breaks, and low-interest loans from state-owned banks (SCGO, 2011). The provision of social housing is mainly led by the local government and becomes one of the important indicators of the local performance. It is within such a context that many social housing projects especially PRH projects have recently been carried out in Chinese cities.

However, it is widely reported that newly built social housing in China is usually large-scale and located in the suburbs of big cities, and has insufficient access to jobs, public services, and facilities (Du, Wang, & Luo, 2015; He & Liu, 2014; Li, 2011). Based on the case study of Beijing, Chen et al. (2015) indicate that the direct cause of the marginal location of social housing is that low- and middle-income households have little impact on determining the location of social housing. Dang, Liu, and Zhang (2014) argue that the discriminatory site selection practice is a result of strategic policy implementation by city governments, which strive to balance top-down political pressure with local fiscal interests. It is also reported that tens of thousands of units of social housing in Jiangxi, Henan, Jilin, Hubei, Guizhou, and other provinces are vacant (Du et al., 2015). The recent audit results released by National Audit Office (<http://www.audit.gov.cn/>) revealed that 57,500 social housing units are unused.

Although there is a growing body of literature on social housing in China, few studies have investigated the influence of specific institutional contexts and governance activities on spatial quality of newly built social housing projects. This study fills that gap by taking Guangzhou as a case study. Guangzhou is a good illustrative example. First, as one of the fastest growing cities, it was home to 12.7 million people, including 4.76 million migrant workers (China's Sixth Population Census, 2010). How to provide social housing for the huge number of low-income migrants is a crucial issue. Second, it has made a series of policies and institutional reforms for social housing construction in several phases. Third, several modes of governance have recently emerged in carrying out large-scale projects. The local government has increasingly collaborated with state-owned and private enterprises to provide social housing. Previous studies show that the local government has played a dominant role in providing social housing in cities such as Chongqing and Beijing (e.g. Chen et al., 2015; Zhou & Ronald, 2016). In order to solve the huge housing demand of migrants, the central government has recently encouraged the involvement of enterprises and actors from society to provide PRH in the China's New-Type Urbanization Plan (2012–2020). Guangzhou is such an experimental case that can examine how these new actors and new public-private partnerships affect social housing projects. Based on a critical review of literature, this article firstly develops an institutional and governance approach to understand social housing construction in China. It then reviews the evolution of social housing systems within different welfare regimes in Guangzhou. After studying the influence of institutional factors on social housing provision, the article discusses the roles of various agencies and several modes of governance in producing large-scale social housing projects. Suggestions regarding institutional reforms, innovative governance and new spatial arrangements are finally given for the social housing construction.

This research employed both qualitative and quantitative methods, including in-depth fieldwork, participation observation, semi-structured interviews, mapping, and statistical analysis. The data were mainly collected during two periods of in-depth fieldwork in March and April 2013 and 2015. The author visited several large-scale social

housing neighborhoods in the suburbs of Guangzhou, and observed their spatial conditions, neighborhood activities, and surrounding environments. Semi-structured interviews were conducted with several officials of local government agencies (e.g., Guangzhou Municipal Indemnificatory Housing Office, and Guangzhou Urban Planning Bureau), planners, professionals, and local residents to understand the institutional and governance issues of social housing provision, as well as the characteristics of social housing neighborhoods. Documents and data (project documents, policies, annual statistics of social housing construction, etc.) were collected from Guangzhou Municipal Land and Housing Bureau and Guangzhou Municipal Government, for analyzing the construction of social housing projects. The method of mapping was used to examine the relationships between social housing projects and public facilities. In sum, this research applied mixed methods to understand the complexity of social housing construction in Guangzhou, which is largely influenced by specific institutional contexts and governance activities.

2. Conceptual framework

Although there is a growing body of literature on social housing, scholars often study social housing from an institutional, stakeholder or physical perspective rather than examining their relationships. In the field of urban planning, there are increasing attentions to the relationships between institutions, stakeholders and physical spaces. Institutional contexts and the roles and relations of various stakeholders are key factors that influence city development, urban projects and spatial quality (e.g. Healey, 2007; Salet and Enrico, 2007; Lin et al., 2014). Analyzing city development may be conducted better by linking the strategies and interests of key stakeholders with the institutional structure, which is the framework within which individual agents make their choices (Healey & Barrett, 1990; Lai, Chan, & Choy, 2016). The institutional and governance approach in urban planning can be applied to understand how specific institutional contexts and stakeholder relationships affect social housing construction.

Based on a critical review of literature, a conceptual framework is established to link institutions, governance activities, and the quality of social housing projects (Fig. 1). According to Zhou and Ronald (2016), the Chinese housing systems can be distinguished by four criteria of welfare regimes, namely of socialist, corporatist, liberal and productivist elements. Institutions mainly refer to hukou system, housing allocation system as well as land, fiscal and political systems. Governance often refers to aspects of the relationship between state intervention and societal autonomy (Treib, Bahr, & Falkner, 2007). It emerges as a concept that acknowledges that the public sector is not the only controlling actor when it comes to the solution of societal problems (Driessen, Dieperink, Laerhoven, Runhaar, & Vermeulen, 2012). In the Chinese context, different modes of governance can be formed according to the relations between state, market and society (Lin, Hao, & Geertman, 2015). Modes of governance related to this research include decentralized governance (local governments take the lead), public-private governance (the joint actions of partners in public and private sectors), and self-governance (far-reaching autonomy with involved stakeholders from the market and/or civil society). They are formed based on various relationships between stakeholders, e.g. multiple governments, housing associations, enterprises, and households. These stakeholders have diverse positions, interests, strategies, financial capacities, and practices. Institutions are structures framing governance activities that directly affect the spatial quality, such as proximity, accessibility, physical forms (scale, the quality of design, etc.), ownership of space, social diversity and livability, and environmental quality (Maulaert, Dyck, Khan, & Schreurs, 2013). As pointed out by Healey (2007), governance activities that have a variable mix of the regulation of economic activities, the provision of public services, and the management of social relations, reshape the physical form of cities for welfare, wealth generation or symbolic purposes.

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