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## Research on the Operation and Management Pattern of Public Rental Housing

Xiang Gu, Yuan Chen and Bei Yang  
School of Construction Management and Real Estate, Chongqing University,  
Chongqing, 400045, China

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**Abstract:** Take Public rental housing as key point of house guarantee system and main route to solve urban low-income family's housing difficulties, this study has deeply analyzed on the actual situation, permanent resident population and other factors, also has borrowed management pattern drafted under advanced system; it has proposed public rental housing construction, administrative organization and operation pattern, also some problems existed in public rental housing pattern and directions needed to be improved. In the long term, it is necessary to strip public rental housing from low-cost housing system as an independent house guarantee.

**Key words:** Public rental housing, operation, management, pattern

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### INTRODUCTION

At present, housing guarantee policy in our country is mainly for families with low income and housing difficulty; substance rent and monetary support are two patterns of the policy. And families with low income and housing difficulty include two levels: one is double-poor family, that is family with base guarantee and housing difficulty; the other one is non double-poor families with low income and housing difficulty (Zhang, 2002). From the present housing guarantee policy, for the former, by renting low-rent housing (or getting monetary support from the government) to implement the housing guarantee; for the latter, by purchase economic housing to implement the housing guarantee. Although both guarantee families with low income and housing difficulty, different conditions and requests for guaranteed families, also different guarantee ranges. Exactly because of these different requests and ranges, between the two guarantee patterns, there must objectively be a marginalized group, that is, neither in the standard of renting low-rent housing guarantee, nor with ability or chance to purchase economic housing, that is, "sandwich class" (Li *et al.*, 2002).

For "sandwich class" problem between low-rent housing and economic housing guarantee, some cities have carried out positive explorations. For example, Beijing city's "Beijing Housing Construction Plan 2006-2010" has specified "through integration to rental economic housing, stocking housing and public housing resource, explore and establish policy rental housing system to solve housing problem from 'sandwich class', introduced qualified people and young people in

the period of marriage", "gradually expand low-rent housing guarantee range, expand housing difficulty standard to 10m<sup>2</sup> per capita building", "transfer supply pattern, gradually change sale to rent and sale, improve rent and sale of economic housing ratio to about 1:4". A series of related policy have also come on in Shanghai, Hangzhou, Ningbo, Wuhan, Xiamen, Guangzhou and Shenzhen, also other cities. Analyze and summarize their practices, we see, although proposals vary, methods are different, their guarantee objects, core content and basic pattern are almost the same, mainly use public rental housing pattern to solve housing difficulty problem of "sandwich class".

Although, there have been practices and preliminary policy standardization a certain extent for "sandwich class" problem between low-rent housing and economic housing guarantee, problems still exist. Low-rent housing guarantee range has its process of gradual expansion; its expansion speed is closely related to each urban economic development level and government's attention on it, also other factors (He, 2000). And low-rent housing development has presented irregular situation nationally wide, some cities have no low-rent housing system, most cities only stay in the stage of solving "double-poor" housing problems, only smaller number of cities have begun the expansion of low-rent housing system. (Wang *et al.*, 2011) It goes slowly. "Sandwich class" problem between low-rent housing and economic housing guarantee will exist in a long time. Besides, in the long term, it is difficult to make perfect housing guarantee system for economic housing and low-rent housing pattern; it has no point on detailed levels and mix low-rent housing for double-poor families with public rental

housing for low-income and housing difficulty “sandwich class”; it will face many problems in the practical implementation (Xu, 2003).

### **PRESENT DEVELOPMENT AND PROBLEMS OF DOMESTIC PUBLIC RENTAL HOUSING**

In recent years, as the process of housing commercialization and marketization in our country, housing price rises too fast, contradictions caused by lagging housing guarantee are increasingly conspicuous. Under this background, MOC “urban low-cost housing operation standardization management pattern” “housing, (2006) 204 notice” has required to expand low-rent housing guarantee range according urban lowest-income families’ housing demand and economy development. On August 7th, 2007, “the State Council’s guidance to solve problems of low-income families’ housing difficulty and its related documents has come on which mainly takes solving urban low-income families’ housing difficulty as its objective; it has firstly proposed explicitly that it has put operation on solving low-income families’ housing difficulty into government’s public service function; it has basically structured a housing guarantee system which takes low-rent housing and economic housing as its main guarantee pattern (Ye and Xie, 2005).

At present, most cities in our country have established economic housing and low-rent housing system. According to statistical data from MOC, from 1998-2003, total investment on economic housing is 6000 billion, with 477 million floor space completed; it has solved more than 6 million families’ housing problems. After 2004, newly-built and building economic housing keep growing fast; only in the first five months of 2007, the investment on economic housing construction has been 1490 billion nationwide. Since 1998 our country adopted low-rent housing policy, the low-rent housing system construction has made great achievements. The data shows, till 2006, there have been 512 cities which have established low-rent housing system among 657 cities nationwide which has achieved 77.9%. (Li *et al.*, 2011) The accumulative total low-income families have achieved 547 thousand which have improved housing condition through low-rent housing system. Only in 2006, newly increased benefiting families have reached to 219 thousand. And what is more we should pay attention to is that low-rent housing has not covered wide range of the nation; there are 4 million based guaranteed families with less than 10m<sup>2</sup> average of housing area (if expand to low-income families, there will be 10 million families); it is only 13.68% families which has solved housing problems through low-rent housing system in all families with

housing difficulty. Besides, different areas’ development on low-rent housing is irregular: Coastal developed areas and developed economical city have marched in the forefront; some have established, relatively good and suitable for local situation’s housing system; but the midland areas are lagging behind, some have begun their tentative exploration; some distressed areas in west have not begun because of many difficulties; there is still much work to do for low-rent housing guarantee (Yang, 2000). Before reform on the housing system, fuzziness on urban housing property right forces us to carry out property privatization; it has made home ownership; put housing problems into market, so to speak, reform on housing system has obtained very big effect, that is to say, “positive” is predominating. (Ma and Lai, 2012) However, in the process of distributing housing monetization and marketization, it has also accumulated a lot of contradiction which become its own opposite gradually; generally speaking, there are two problems existing in housing system reform:

First, it is excess marketization, has exceeded economic growth. Observe housing system from international horizon, we can see that in different stage of economic growth and social development, different housing policy is adopted. Only when economy develops to certain stage, especially middle class appear in the society, that is to say when the social structure presents Chinese olive shape, can housing monetization and marketization get sufficient conditions. However, we put main point of housing reform on property privatization, regard housing marketization as housing property privatization, change “home ownership” to “property ownership”, in the stage of not well developed economy and big social allocation difference. There is a serious deviation in reform understanding. Under the situation of lack of condition for housing production capacity and economy development, when demands exceed supplies too much, it is inevitable to cause housing price’s too fast rising and low capacity for residents to purchase housing. From the general economy development situation, residents’ income level and land supply, it has exceeded actual objective economic condition to achieve that most families purchase or rent ordinary merchandise housing.

Second, it is government function’s vacancy. From policy attribute, real estate policy is a kind of economic policy; after all, it mainly focuses on the market efficiency; but housing policy is one kind of social policy which pays more attention on social equity and residents’ appeal for basic housing; the problem it need to solve is to apply what patterns to make home ownership for residents with different incomes. Experience from many countries has shown that, housing rely on both market

and public policy. Housing policy's basic goal is to help people take their proper rights; its basic direction: One is to establish "easy in" market; the other is to help low-income people to get "afforded" housing. However, housing reform in our country has not effectively separate housing, real estate, market and guarantee. The government neglects common people's basic housing demand; housing guarantee function is in vacancy; low-rent housing and economic housing construction is lagged; it also take vacancy in land supply, market supervision and housing policy.

When housing system reform goes from positive stage to negative stage, because of its own contradiction, self-denial will happen again; that is double denial to improve itself. Importance of housing guarantee will be more prominent; and public rental housing will be a significant pattern of housing guarantee. Because, no matter how developed a country's economy and how mature its market, it is inevitable to be a group of low-income people with housing difficulty problem; it is hard for them to afford housing, even economic housing; then, it is the society's responsibility to develop public rental housing and to guarantee low-income families' basic housing rights. So, public rental housing is never out of date but a welfare and guarantee offered by the government or the society under the clear property right of urban housing; it is also a stage of urban housing system's "double denial" and self-improvement.

#### **OPERATION PATTERNS OF PUBLIC RETAL HOUSING**

To strengthen leadership, organization and coordination of housing guarantee, it needs to study the guiding principle of guarantee work, be clear about the operation principle and basic system of public rental housing pattern, propose prepared construction ways and capital source for public rental housing, establish construction, distribution and management system. Further standardize public rental housing management, make clear about project, plan, housing collection, housing rent, admittance, quit and supervision of public rental housing.

**Make clear about the objects of public rental housing:** Application of public rental housing takes the married family, the single-parent family and the unmarried as its applying entity. Each family can appoint a family member as the applicant to apply in the department concerned, others in this family as co-applicants. Its object includes several kinds as below,

First, it is local household register with low income and housing difficulty. They must meet below requirements:

- The applicant and co-applicant are both local household register
- There is statutory maintenance, support or maintenance between applicant and co-applicant, including applicant, spouse, children and parents. For married applicant, his spouse and minor children should be co-applicants; joined children in local household register can only be co-applicants
- The applicant and the co-applicant have no ownership of housing and housing land. Housing with ownership includes settle-housing (including cost-to-be housing, cost housing, social commercial housing and all cost commercial housing), housing for the housing reform, economic housing and other policy-related housing, housing built with funds collected by the buyers, housing unit, army special ward, commodity house and self-built housing
- In last two years before application, average disposable income is lower than the low income standard lines in the city
- The family's total asset does not surpass certain quota
- The applicant and the co-applicant have not violated the national plan birth policy
- Other requirements stipulated by housing guarantee department in the city

Singleton who meet above requirements and get legal age can also apply for public rental housing.

Along with the improvement in housing guarantee, for those families or singleton that own housing but lower than the housing standard stipulated by municipal government, also meet the above requirements, can be included into public rental housing guarantee according to actual supply and demand.

Sec, it is non-local household register but permanent resident population with low income and housing difficulty. Part or all family members those are non-local household register but permanent resident population with low income and housing difficulty can be regarded as the situation that they live in this city, pay Social Insurance and pay taxes; bring them gradually into public rental housing system by age.

Third, it is senior talent. Those senior talents from home or abroad, who meet certain conditions, can get public rental housing guarantee (talent apartment), no

matter they are Shenzhen residents or not. Area of structure and decoration standard of talent apartment can be higher but its rent is a bit higher than those for low-income families.

Fourth, it is junior officer in administrative institution. For those junior officer in administrative institution, who meets certain requirements, can apply for public rental housing to solve temporary housing problem.

**Make clear the public rental housing application mechanism:**

- The receiving and the first examination of the subdistrict office or the community workstation. The one who wants to apply the public rent housing should hand in the application to the household register locus's subdistrict office or the community workstation. Then they will investigate the materials first. They will accept the application if the application materials are complete and in conformity with the provisions of the form. After the accept, street offices or community workstation will examine first about the materials and examine the household register, family, income, assets, housing and land for building of the applying families or the singles in the way of the household survey, neighborhood investigating. After the first trial is passed, the sub-district offices or community workstation will display the information to the public and report it to the area housing safeguard management departments
- The re-examination of area housing guarantee management departments. District housing ensuring management department is responsible for examining the situations of purchasing and renting affordable housing by applicants or the joint applicants. They will also reexamine the low-income families and the key entitled groups with the area ministry departments. The area housing ensuring managing departments will report it to the city housing ensuring managing departments
- The final examination and the announcements of the city housing guarantee management department Municipal housing safeguard management department will examine the household register, housing and land for building of the applying families or the singles by the way of examining the files and having the evidence with the help of the municipal public security, civil affairs, land and housing, labor safeguard, land tax and financial service office, information office, the people's bank of China and the CBRC, securities regulatory bureau and the bureau and other related functional departments. After announcing on media, the area

housing managing department will announce again to the community of registered permanent residence or to the actual settlement. If there is any disagreement, they can submit the opinions in written to the related departments and after checking, the result will be reported to the disagreeing applicants in written method

- The queuing arrangement. According to the announcing result, the city (area) housing safeguard management departments will register in queues the applicant families or the singles who meet the conditions. During this stage, if there is any change in the applicants, they should inform to the related departments in time and then the city (area) housing ensuring departments will have a record about the change. After checking, there they don't conform the conditions, then the department will cancel its queuing qualification and inform the applicants in written work

**Draw up rent standard on public rental housing:** Public rental housing rent standard defend the principle of capital preservation and low-profit; It decreases according to a fixed rate of rent standard guided by the market in same area; city housing guarantee makes timing adjustment; it is announced and implemented after get the approval from Shenzhen Housing Authority. Generally speaking, rent for public rental housing is approximately 60-70% of rent guided by the market in same area and same housing market.

**Draw up punishment mechanism for public rental housing:** Punishment on cheat. When apply for public rental housing, applicant or co-applicant's falsification, hiding household register, population, family income, property and housing, or forgery of related documents will be warned and recorded and their application will be canceled.

**CONCLUSIONS**

Take Public rental housing as key point of house guarantee system and main route to solve urban low-income family's housing difficulties, this article has deeply analyzed on the actual situation, permanent resident population and other factors, also has borrowed management pattern drafted under advanced system. In the long term, it is extremely necessary to strip public rental housing from low-cost housing system as an independent house guarantee; it is also the main problem that our country should pay enough attention to during the housing guarantee policy establishment.

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