

Security of housing tenure in the People's Republic of China: background, trends and issues

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Conflicts caused by forced removals and demolitions are, as before, the main factor vexing social stability in Shanghai. A few private eviction companies' methods are wanton and vicious. Some companies employ thugs in the dark of night to destroy families' exterior stairs, doors and windows; secretly cut their electrical wires, break their water pipes to make it impossible to live a normal life, forcing them to move. Even more extreme, they commit crimes taking lives.²

The historic problem of security of tenure whether to land or housing largely solved during the early years of the People's Republic of China has again become an issue of great concern.

For anyone with a low or unsteady income in farming, manufacturing or service provision, in the city or the countryside, the fear of eviction is constant. Even economically better off residents may suffer eviction, but they are more likely to receive adequate compensation and/or better weather the negative consequences of forced eviction.

This brief case study highlights the scale of the problem of insecure tenure to land and/or housing in China, the variety of forces that generate this insecurity and emerging policies and practices that may help reverse the current negative trends.

The groups of people in China most affected by insecurity of tenure in China include:

- Farmers, whose insecurity of livelihood in the countryside forces them to migrate to the cities in search of income earning activities. Lacking an urban residence permit, and in the absence of policies supportive to rural migrants, their security of tenure to shelter in the city remains tenuous, at best. Some 150 million migrant workers live in major metropolitan centers for a large part of the year.
- Former state sector workers who have been laid-off or paid-off³ by their employers and are living in original 'welfare' housing that they bought from their employer during earlier housing reforms.⁴
- Non-state sector workers holding urban residence permits whose incomes do not allow them secure tenure to housing. These may be long-term inner-city residents who are/were employed in either collective or informal enterprises and who have been renting or subletting affordable housing from private parties or local authorities.

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2. Shanghai Municipal Commission, Vice Secretary, Liu Yungeng, 3 February 2005. Reported in the Southern Weekend, 4 March 2005.

3. Laid-off (*xiagang*) state sector workers receive a minimum maintenance allowance and reduced access to healthcare and other welfare benefits. Paid-off (*maiduan*) workers have agreed to free the employer from any liability to the worker after payment of an agreed upon lump sum severance payment (Wang, 2000, pp. 848-849). Those unable to find new employment may apply for social support in the form of a minimum wage (*dibao*) of approximately 300 RMB/month (US\$1.25/day) in the most expensive cities. In Shanghai disposable income of 15.5 per cent of the population in 2004 was at or below this level.(SHTJNJ, 2006: DigitalShanghai graph).

4. As many as 50 million urban residents were thought to be poor in 2000, and could thus be expected to have only a tenuous grip on adequate housing. Quoted from report cited by Solinger (2006).

- Registered and non-registered urban residents of informal/illegal settlements, dangerous/dilapidated housing (*weijiufangwu*) and residences that are illegally constructed or non-compliant to the housing code (*weifaweiguifangwu*).
- All other residents of property demolished under force of eminent domain.⁵

The paper is divided into the following sections. The first describes the transition from insecure pre-communist tenure systems in the countryside and the city to collective tenure systems in force until roughly the beginning of the 1980s. These assured adequate access to land and housing in the countryside and to a spartan if egalitarian allotment of housing in the cities. The second section describes briefly how tenure insecurity first began reappearing in cities with the advent of rural workers entering the cities looking for cash income in the late 1970s and early 1980s. Section three then discusses forces that began to push rural workers off their land in ever larger numbers, exacerbating livelihood concerns in the countryside and increasing the pressure on urban centers to house those leaving the countryside for work in the cities. The fourth section examines the relationship between housing reform in urban areas and increasing insecurity of tenure for the previously securely housed workers of the state and collective sectors. The final section before the conclusion discusses the role of China's burgeoning informal settlements that provide housing to low-income groups in and around many of the country's growing cities.

Post 1949 security of tenure (1949 – early 1980s)

It is not surprising that a low-income country with as huge and diverse a land mass and population and a history of tumultuous political and economic change would be afflicted with problems stemming from insecure tenure. It is nonetheless surprising how quickly China has evolved from a country with relatively secure tenure for all during most of its post-1949 history to the opposite during the last decade.

China's largely successful transition to a highly globalized mixed economy from a minimally open command economy in the years since Deng Xiaoping announced the Four Modernizations in 1978 has much to do with this: land has become a scarce commodity. Prices now more accurately — if still incompletely — reflect the expected return on investment to alternate uses. Land prices have risen dramatically during the past decade, while the development of the legal and administrative infrastructure governing the allocation, transfer and conversion of rural and urban land has only just begun to adapt itself to existing and emerging economic pressures. As urban and industrial development have expanded westward in the past decade, problems of insecure tenure that were originally found only in the fast growing coastal cities and their suburbs, can now be found throughout the country.

Among the first priorities of the Communist Party after taking power in 1949 was to reverse the age-old problem of insecurity of tenure in the countryside. Within three years, the government implemented an agrarian reform that redistributed rural land to peasants. In theory, former landlords and peasants were to receive the same land allocation; in many cases landlords got significantly less. The effect of the redistribution was to destroy the local landowning class and replace it with the Communist Party. Depending on population density and the quality of land, the distribution ranged from 0.16 to 1.1 acre per capita. Almost as

5. Local and national authorities have broad powers to acquire legally occupied land deemed to be needed for advancing the public good. This 'eminent domain' power is frequently used to optimize — from the standpoint of either engineering or public expenditure — the installation of: infrastructure (whether for public transport, communication, sanitation, water supply, energy generation and delivery, etc.); environmental remediation or protection; recreational or cultural facilities; public buildings and plazas; and removal of dangerous or illegal structures.

soon as land redistribution was complete in late 1952, the collectivization of rural land into what were to become *people's communes* began. By the time this process reached fruition in 1957, the collectivization had passed through three progressively integrated stages of agglomeration and cooperation: mutual assistance teams, semi-socialist agricultural producers' cooperatives, and cooperative farms. In the final stage of agglomeration, People's Communes grouped on average some 30 cooperative farms, comprising about 5000 households or 25,000 persons. The Communes organized all economic and political activity within the territory occupied by its constituent farms, including the administration of villages, taxation, health, education, old age care, recreation, etc. The Communes also appropriated ownership of land, housing, livestock, etc. Single persons or childless couples lived in communal dormitories.⁶

In the cities, private property was gradually nationalized during the first half of the 1950s and redistributed for use by government offices, industrial departments, state and collective enterprises and residents. Investment in new housing remained minimal in most cities until the 1980s and often only kept pace with the need to take down dangerous or otherwise unsuitable structures serving as housing. Housing allocations were controlled by city housing offices and work units that were able to build housing or dormitories for their workers.⁷

For the large majority of city residents, possession of an urban household registration (granted access to a welfare package that included employment, housing, health care, education and access to a minimum level of rationed goods. Either the local authority or the urban household registration holder's work unit (a state or collective employer) was responsible for arranging access to these goods.

Despite the emergence of reforms such as the family (individual) responsibility system in agriculture and the institution of employment contracts of limited duration in the urban state sector, rural and urban collectives tended to maintain established responsibilities to their members for ensuring access to land or housing throughout the 1980s. In the countryside, families or individuals contracted with the rural collective to lease a plot of land for a fixed price. Revenue received beyond the lease price remained in the hands of the lessee to apportion to fees, taxes, production costs, investment, etc. The family's original housing entitlement remained unchanged.

In the cities, even if health and retirement benefits were among the first casualties of urban reforms, housing benefits tended to remain stable into the 1990s. When urban labor contracts were not renewed, or only done so with a drastic reduction in real income, workers' housing entitlement was rarely affected. Top-level decision-makers perceived that adding homelessness on top of precipitously falling incomes among the traditional worker elite of the state sector was too great a threat to social stability to be considered.

Emerging insecurity of tenure in Chinese cities (late 1970s – early 1980s)

The spread of the household responsibility system and the growing opportunities to market excess grain and side crops in free markets during the early 1980s gave rural farmers incentives to work more efficiently on the land they tilled now that their income and individual effort were intimately linked. Many farmers found they could bring crops in with

6. Hsu, 1976:783–787.

7. In its effort to protect key industries from attack, between 1965 and 1971 the government built or moved large-scale industrial plants to remote locations in the center and far west of China. Construction of these 'greenfield sites' typically included dormitories for workers, many of whom vacated housing in the enterprise's original location.

fewer hands than under the cooperative system. Excess labor initially flowed into township and village enterprises, creating additional wealth and consumption in the countryside and for a time helped diminish income inequality between the countryside and the cities.⁸

Even with these positive changes, township and village enterprises could not absorb all the surplus labor in the countryside. By the mid-1980s, rural migrants could be found circulating in large numbers in Beijing, Guangzhou, Shanghai, Shenzhen and to a lesser extent in the other major port cities. Not only did migrant workers seek urban wages because these were higher than those that could be earned on the farm, but also, because they were paid largely in cash rather than in kind.

In the early phase of rural-urban migration (from the early 1980s), most migrants worked on construction sites, in small private restaurants, in homes as maids or nannies, on the streets as hawkers and short-term laborers, carpenters, masons etc. Much of the cash these migrants earned found its way back to the family in countryside to build new homes or expand or the ones they occupied.

Because rural workers did not possess urban household registration cards, they could not legally live in the cities. This forced many into an uneasy 'clandestinity' by which housing provided by the temporary employer comprised implicitly a portion of the worker's wage. Hawkers slept under tables in the markets where they sold vegetables, maids on a sofa in the employer's home, carpenters in the rooms of the persons who hired them to build furniture or refit an apartment, construction workers on the work site, restaurant workers on the floor of the restaurants during closing hours, etc.⁹ Still, authorities did find workers sleeping in the open or wandering the streets looking for shelter, and many were incarcerated and then sent back to their hometowns. If they were lucky, these migrants could still return to the home on the piece of land in the countryside allotted to their family.

Urbanization of rural land and weakening security of tenure (since 1985)

From the mid-1980s onward, large swaths of rural land in the near suburbs of major cities effectively entered the 'urban' land market, threatening peasants' security of tenure to land and housing.¹⁰ Between 1986 and 1996, 31 cities in China expanded their land area by some 50 per cent, absorbing a roughly equivalent amount of land classified as rural.¹¹ When this occurred, farmers were offered cash settlements or urban household registrations and employment as compensation for their lost farmland. Replacement housing or additional compensation were often part of the package if the house was lost in the transition.¹² Not infrequently, promises of employment did not materialize or the employment offered yielded income lower than that obtained previously from farming. Village leaders' frequent manipulation of land use decisions for personal advantage often figured in such processes and led to numerous small and large conflicts with the local population.¹³

8. Selden, 1993:182–186.

9. Wang, 2000, p. 855; Solinger, 1995, p. 134.

10. Cai, 2003, p. 666.

11. In reality, the distinction between rural and urban land near large cities was often by that time purely administrative. Buildings housing township and village enterprises or the high density rural population already occupied land that had been farmed five years earlier. Ownership of the land remained, however, with the collective until the land was officially converted to 'urban'.

12. Selden, 1993, pp. 198–201.

13. Cai, 2003, p. 663. Cai describes the power imbalances between farmers and their leaders at the village and county level as the source of these manipulations. Leaders often commandeer farmland or other communal

China's landmark 1992 legislation detaching land use rights from ownership of urban land, which by definition was held in 'state ownership', moved the foundation of a the real estate market forward by allowing legal persons to transact land use rights. This legislation quickly brought government agencies, enterprises and service providers at all levels into the real estate market because it gave each an incentive to consider alternate uses for un- or underused land that they controlled.¹⁴ During Deng Xiaoping's 'southern tour' that year, he urged southern provinces — and by extension the rest of the country — to learn from the example of the Pearl River Delta to be much bolder in their efforts to stimulate economic growth and development.

The combination of these events created a 'big enough' bang to unleash a sustained flood of domestic and foreign investment that kept China's GDP growth rate at approximately 9 per cent for the rest of the decade and to the present. These investments focused on infrastructure and amenities to attract and retain much larger flows of foreign investment and technology than were absorbed in the 1980s. Among them were:

- Power generating facilities (especially large dams), airports, train stations, ocean and river port facilities, subway and light rail systems, water and sewage treatment plants and intra- and inter-city highways;
- Full service industrial parks or economic development zones; and
- Urban renewal including, new urban streetscapes, grand plazas and parks, world class cultural facilities, hotels, apartment and villa complexes for expatriate workers.¹⁵

These new facilities required large quantities of land, much of it already occupied, whether for farming or housing in the peri-urban areas or in the city itself. In almost all cases, persons living on or around the areas affected by these projects had no choice but to move or be moved. Impacts on farmers and their families have been severe because in many cases their land was seized with little if any recompense. Box 1 lists some of the chief uses for agricultural land seized under these conditions.

Box 1. Causes for large scale rural land seizures and relocations

Hydropower projects: The Three Gorges Project is only the most famous among these, resulting in more than 1 million persons relocated. ^a Farmers' compensation has often been much less than promised, whether in cash, in kind or employment, and resulted in worsening impoverishment for many. Long after the resettlement officially ends, tensions remain high in the regions where relocations for such projects have taken place. ^b New projects of a similar nature and projected negative outcomes based on past relocation experiences, find farmers swift to react: in November 2004, an estimated 100,000 farmers clashed with police in Hanyuan County in Sichuan Province because of the unacceptably low compensation they were being offered to make way for a new dam nearby. China's leaders had to impose martial law and send in paramilitary police to stabilize the situation. ^c

Economic development zones: Following Deng Xiaoping's urging during his 1992 inspection tour of China's southern provinces, urban authorities in many parts of the country set out to

property and use it for their own purposes or rent the land to others without offering adequate compensation to the aggrieved farmers. Despite presenting hard evidence of misdeeds, farmers all too often found town or county officials from whom they sought redress disinterested in pursuing justice. Indeed, higher officials often participated in the illegal taking of agricultural land.

14. Implementation of land use fees in cities from 1988 began the process of getting occupiers of than to consider 'how much land they actually wanted to keep control over.'

15. See Yusuf and Wu for descriptions of investment strategies of Guangzhou, Shanghai and Tianjin during the 1980s and 1990s.

replicate efforts of Shenzhen, Xiamen, Shantou and other successful export processors' to attract foreign investment. This resulted in a massive investment in new 'economic development zones'. By 1996, within the areas requisitioned for construction of the zones, approximately 300,000 acres of land remained undeveloped for lack of investment. Roughly half was agricultural land, of which half could not be converted back to agricultural use. Proper compensation to the farmers was often ignored.^d Still, the number of economic development zones continued to grow, exceeding 6,000 by 2003. Among these, 3,763 had already been ordered shut down after a series of investigations begun in the same year revealed they had been set up on illegally seized farmland.^e More closures may result as investigations are pending for many of the more than 2000 remaining zones.

University cities: These are a recent variant of economic development zones in which local authorities and university officials take over suburban agricultural land for the construction of new educational and research facilities. For city officials who preside over the installation of such facilities, demonstrating that they are able to do things on a grand scale while significantly pumping up local GDP are key to gaining promotions. For universities, the attractions include: economies of scale in shared educational facilities and urban networks; modernized physical plants; expanded enrollment capacity; and, typically, an opportunity to raise revenue through real estate projects within the zones. By the end of 2003, the 50 university cities already established occupied land surface equal to 89 per cent of the land occupied by all of the other universities in the country.^f

Villa and golf course complexes: Exclusive residential complexes have sprung up in the suburbs of China's large cities. Many of the country's 320 golf courses are among their chief amenities. Indeed, the world's largest golfing complex, Mission Hills, is sited just outside the city of Shenzhen, adjacent to Hong Kong.^g According to official sources, among the first 200 courses completed, only a dozen were built legally.^h In November 2004, the Ministry of Land and Natural Resources classified golf courses among "*the five most egregious examples of illegal land seizures in China, noting that nearly a third of the land was taken improperly and that compensation had not been paid.*"ⁱ

Transportation infrastructure: In 2002, 84 per cent of the nation's 147 airports were losing money for lack of business; similarly, super-highways and ring roads outside the largest cities are quiet enough to be used for drying grain during the harvest season. Chinese economist Zhou Guangsheng attributes this phenomenon to overlapping and premature investments in transport infrastructure by cities that are too close together to each be served by three high-speed transport modes.^j The rapid expansion of the high-speed (bullet-type) rail network will make matters much worse for the airports as passengers abandon air-travel for the cheaper and more comfortable trains. Today, despite five years of sustained high economic growth nationally, 33 per cent of all passenger arrivals and departures occur at the airports of Beijing, Shanghai and Guangzhou.^k Meanwhile 75 per cent of the nation's other airports continue to lose money.^l

Notes:

- a. Estimates of relocations from Three Gorges Project continue to vary, as does the fate of the migrants. However, an estimate of 1.13 million seems to be a middle figure (Jing, 1997). The same source (p. 90) reports the finding of China's own Leading Group for Economic Development of Poor Areas that over 70 per cent of the 10.2 million persons relocated in other reservoir projects from the 1950s to the early 1980s live in extreme poverty.
- b. Jing, 1997; Probe International. Updates are discussed occasionally on the website of Probe International www.threegorgesprobe.org.
- c. Bezlova, 2004.
- d. Cai, 2003, p. 671. Local governments also found outright sales or leasing of agricultural land a good source of income. These brought in between 30 and 70 per cent of local authorities income between 1987 and 1994 or totally about 242 billion Yuan. Peasants received about 10 per cent of this amount (Cai, p. 672).
- e. Yardley, 2004.
- f. Zou, 2003. In one of the most egregious land grab cases of this kind, city and provincial officials of Zhengzhou acquired nearly 1000 hectares of agricultural land without payment. They also hid their actions from the city office of the State Bureau of Land and Resources, from whom they were bound by law to seek approval of their planned action. Once

- caught in the fraud, Zhengzhou city officials directed the city office (of Land and Resources) to help cover up continuing efforts to bring their project to fruition. Within nine months of acquiring the land, city officials completed construction of the facilities and moved in five universities. Apparently local officials could count on success: three other university cities had already been built in Zhengzhou City (China Daily, 2006).
- g. Jenkins, 2006.
 - h. Chao, 2004.
 - i. Yardley, 2004.
 - j. Zhou, 2005.
 - k. Kahn 2003.
 - l. ZJOL, 2007.

Urban housing reform, housing markets and security of tenure

In the early 1990s when larger coastal cities began construction of new housing on a large scale and installing infrastructure and amenities to attract foreign investors, relocations rapidly grew to large scale. Residents that had to be moved were usually given replacement housing, though not always near their former residence. Few people objected as long as the new apartment was roughly as commodious as the former, and gave access to the kinds of amenities they were accustomed to in the previous residence. A marked reduction in commuting time from home to school or home to work might still trump the apartment's physical amenities. On the other hand, residents did complain bitterly when a new and larger apartment was not near a good school or lacked proper shopping facilities. Worse yet were apartments in new tall buildings where water pressure was low or elevators were slow or functioned erratically or markets for food and other necessities had yet to be established nearby.

The typical response to relocation remained nonetheless, much as it was in the 1980s: “*the country is trying to develop, we should cooperate.*”¹⁶ In any case, urban residents did not feel attached to their homes as long as they felt they could eventually trade up by moving elsewhere when a more attractive option opened up.

Compensation did not become an issue for city dwellers until later in the decade when the deepening of housing reforms, and specifically the abolition of welfare housing in 1998, encouraged large numbers of renters to buy the dwelling they inhabited. Employees of urban state-owned enterprises, government agencies and other state and better-off collective work units were among the first to take advantage of the policy change because they had little choice in the matter and their employers or the housing bureau were offering them advantageous terms.¹⁷ With that transition, owners developed a keen sense of property rights. Almost as quickly, they began demanding compensation for anything that compromised the value or use of their property; especially if it was to be torn down to make way for new construction.

At the time, government regulations concerning eminent domain and eviction did not and still do not leave room for debate: if local authorities approve a project requiring land occupied by individuals or other public or private interests, the local authority has priority. The authority

16. “*Guojia qiu fazhan, women yinggai peihe.*”

17. Urban housing reform spanned from isolated experiments the late 1970s and early 1980s to near universalization in the major urban centers today. The process comprised many different initiatives. The first consisted in raising rents in small increments to cover the costs of housing provided at minimal cost – estimated for 1991 by Zhang (2000) at about 1 per cent of the average worker's salary (quoted in Duda, Zhang and Dong 2003, p. 2) — to eventual full privatization of financing, construction and ownership except for residual rental housing for very low income groups. For succinct descriptions of how this process worked for persons in the state sector prior to and after 1998 when welfare housing was abolished, see Plafker, 2001; and Yu, 2006.

involved must follow established procedures concerning notification, waiting period, right to fair compensation and appeal in situations of disagreement on compensation or improper behavior of the parties involved in removal/eviction processes. Unfortunately for the dislocated party, failure to follow mandated eviction and removal procedures does not halt the eviction process to allow independent review of the case. Eviction and demolition can proceed legally before judgment is rendered.

It is difficult to estimate the number of forced evictions in cities across China. National and city statistical annuals do not provide detailed time series on relocations carried out under the use of eminent domain. Piecemeal data must be collected from press reports, specialist publications and internet debates of uncertain accuracy. Estimates of forced and violent evictions are even rarer. Case studies and research reports by Government offices and university researchers often do provide first hand data on the processes and scales of impact in specific cases.

In large cities undergoing urban renovation, expansion and reconfiguration, the numbers of relocations are almost always large. As mentioned earlier, highways and roads have to be installed to permit the flow of millions more motor vehicles than were on the road 10 years ago; subway and light rail systems need to be extended to move similarly large numbers of people. Preservation of historic neighborhoods mostly entails moving low-income populations out and installing new residential and tourist amenities for a smaller but more comfortably housed urban elite. Decades of poor maintenance of older post-1949 buildings (15–50 years old) means they are more likely to be torn down than renovated. Prestige projects — museums, art galleries, opera houses, grand plazas, parks, parking facilities, etc. — also absorb large tracts of core city land formerly occupied by housing. Urban mega-projects like the 2008 Olympics in Beijing and the 2010 World Expo in Shanghai generate an even larger number of forced evictions and relocations. At the same time, they require substantial government investment in hardware and marketing that are justified more on their potential to catalyze economic and social transformation in the city and country rather than on the intrinsic economic or social benefit of holding the event in China.¹⁸

Tenure security for migrant workers

The number of migrants workers¹⁹ from distant and nearby rural locations reached somewhere between 85 and 120 million persons by the year 2000.²⁰ While this population contributed greatly to the refitting and expansion of Chinese cities in the 1990s and increased massively the number of persons in need of housing in or near the cities, the formal housing delivery system made no provision for them. But as Wu²¹ has shown in Shanghai where policies towards migrants have been relatively progressive, neither steady nor lengthy employment tenure in the city had freed migrants from insecurity of tenure to housing by the new millennium:

“It is no exaggeration to say that once in the city, migrants continue to be on the move. With substantially higher mobility rates than local residents, they

18. Neither the Beijing Olympics nor the Shanghai Expo (2010) are likely to break-even during the course of the events. Nor are the long-term costs of sustaining the specially built facilities likely to be covered by subsequent uses. See Owen (2005) for Beijing and Asiaone (2006) for Shanghai.

19. Migrant workforce or ‘floating population’ (*liudongrenkou*). Other commonly used names for migrant laborers include *nongmingong* and *wailairenkou*.

20. ADB 2004, p. 16; Yan, 2005; Wu, 2005.

21. Wu, 2005, p. 15.

experience much more residential mobility. But such mobility is not necessarily driven by the need for tenure or even amenity. Few migrants make the transition from bridgeheaders to consolidators after years of living in the city, a trend in migrant settlement seen elsewhere in other developing countries. Instead most remain trapped in the private rental sector or staying in dormitory housing. Home ownership is yet to become attainable for migrants, and self-help housing is largely absent because of the intolerance of municipal authorities.”

Today the size of the floating population may be as high as 150–200 million and is expected to expand further with the migration to the cities of another 300 million rural residents by 2020.²² With the rapid expansion of the migrant workforce, affordable housing options in the city center or on work sites have become scarce. The overflow is now taking refuge in informal settlements. More and more, these resemble in size and form periurban settlements that characterized rapid urbanization processes in other developing countries beginning from the 1950s. In China, the earliest of these developed in the 1980s on the peripheries of the faster growing major cities, i.e. Guangzhou, Shenzhen, Shanghai and Beijing. At first, when they grew large enough to draw the attention of local authorities, they were suppressed and eventually torn down.

Among the largest and most famous of these cases was *Zhejiangcun* (Zhejiang Village). Before its demolition in December 1995 at the insistence of local authorities, Zhejiang Village housed a population of some 100,000 persons, and thousands of enterprises. The village largely governed itself, establishing health clinics, water and sanitation systems, recreational facilities, schools using the Zhejiang dialect, etc.²³ It also proved itself to be a major boon to Beijing residents who rented land to the village and who bought the Village’s prodigious output of low-cost fashionable clothing.

Today, Beijing’s population of 16 million comprises roughly 3.6 million migrants.²⁴ Of the reported million plus people living in Beijing’s 332 informal settlements, the 2002 census estimated that 80 per cent were migrants. Today the numbers are thought to be much larger, but according to officials, the flows in and out of informal settlements are so large it is impossible to be sure.²⁵ More certain is that many cities around China are planning to suppress or redevelop informal settlements in the built-up or soon to be urbanized suburbs. In Beijing’s case, the 2008 Olympics are adding urgency to this task. According to the plan for Olympic construction projects, the 171 informal settlements within the fourth ring road and surrounding the Olympic stadium site will be liquidated. Between the end of the Olympics and 2010 another 61 informal settlements within Beijing’s fifth ring road will be completely gone as well. The fate of the remaining 100 informal settlements in the municipality has yet to be announced.²⁶ Where the residents of the first 232 informal settlements demolished prior to 2008 will go remains unclear.

22. In this scenario, China’s total urban population will reach some 830 million persons (CCIDED, 2005, p. 12).

23. Jeong, 2002.

24. Beijing Municipal Statistical Bureau, 2006 (referring to 2005 data, based on sample surveys).

25. Li et al, 2006.

26. Li, et al, 2006. The guidelines for ‘*zhengdun*’ of informal settlements are expected any time. The Chinese definition of “*zhengdun*” in the urban context can mean any of the following: “consolidate”, “clean-up” or “tear-down”.

Box 2. Relocations caused or ‘facilitated’ by the 2008 Beijing Olympics

The Mayor of Beijing, Mr. Qisan Wang has said that some 300,000 people will be relocated from sites where facilities for holding the 2008 Summer Olympics are to be constructed. ^a This includes competition venues, the athlete’s village, management facilities, green spaces, transport lines, hubs and amenities for visitors. However, if the standard for assessing the impact of the 2008 Olympics on relocations is widened to include urban development activities that were either speeded up, enlarged or facilitated by the politics of “holding the best Olympics ever”, then the impact will be much larger. ^b

Among the projects ‘helped along’ by the Olympics are:

- the expansion of the capital’s transportation network — including the airport, subway and light rail network, the extensive demolitions in the Qianmen quarter and its planned reconstruction;
- the approval and construction of a CBD on the City’s East Side;
- a new round of massive public contracts and investments in the high tech corridor of Zhongguancun;
- the clearance of old *danwei* (work-unit) housing in the central east corridor between the second and fourth ring roads to make room for high-end residential developments, luxury shopping complexes and entertainment districts; and
- large environmental remediation projects, including the rustication to Hebei Province of the main facility of the Capital Steel Factory.

An estimate made elsewhere of the number of persons directly affected by demolitions/relocations in the capital for the period 2000–2008 inclusive — the high tide of Olympic preparations — is 1.5 million. This would include Mayor Wang’s estimate of those moved because of Olympic construction. By comparison, for the nine years 1991–1999, demolitions/relocations directly affected 640,000 persons, or roughly 70,000 persons annually. The average for the pre-Olympic period is nearly 2.4 times larger, or 164,800 annually. ^c

Whether the some 400,000 migrant workers living in the informal settlements within the capital’s Fourth Ring Road have been included in the Mayor’s relocation estimate is unclear. ^d In all likelihood they have not, because very few of migrant workers own property legally in Beijing. Moreover, because they are renters in illegally constructed or dangerous buildings, they have virtually no protection against eviction or the right to a resettlement allowance. The total direct costs of holding the Games have been estimated at US\$37 billion. The actual cost is likely to be considerably higher if losses to individuals are calculated. ^e

Notes:

- a. “*Dongqian*” meaning “relocation” is the term most frequently used in the Chinese press to describe the process of getting residents to move from their homes. Another term, “*chaiqian*” also appears frequently. This means to move because one’s home has been torn down. Adjectives that are applied to “*chaiqian*” such as “*qiangzhixing*” and “*yeman*” mean “forced” and “savage”. Formal/systematic data on these qualified forms of “*chaiqian*” do not exist in the public domain. As indicated in the opening quotation of this paper, however, public figures do admit that the scale of forced evictions amount to a serious social problem.
- b. Formal planning documents issued at the national and city level have emphasized that one of China’s goals in holding the Olympics is to make the Beijing Games the best ever, thereby proving China is a first-rate country.
- c. Westendorff, 2007.
- d. The official work plan for the 2008 Olympic Games calls for the eradication of 171 of the existing 332 informal settlements before the Games start. The number of migrant workers affected is a rough estimate based on the following calculation: Of the nearly one million persons living in Beijing’s 332 informal settlements, 80 per cent are estimated to be non-residents (migrants), or about 800,000 persons. If the migrant population is distributed roughly equally among the *chengzhongcun*, then slightly more than half (171 of 332) would be affected by the pre-2008 Olympics demolitions.
- e. The costs of demolishing housing, removing debris and moving residents figure positively in the city’s GDP, yet no accounting is made of the residents’ losses of informal income, health, convenience or social networks.

Looking forward

Between now and the year 2015/2020 China's urban population may increase by 300 million persons over the current level of approximately 550 million.²⁷ Most of this growth will come from rural residents moving into urban settlements. Already as many as 200 million persons of rural origin now spend the majority of their time working in cities. Many of these will not return to the countryside except to visit family members who have remained behind. Very few of these workers have secure tenure to their housing in the cities. Unlike registered urban residents, migrant workers do not typically need to find housing for their entire families, and are accustomed to moving in order to find work or more affordable accommodation.

Sample survey data from 2004 confirm that living conditions of migrant workers are crowded and rarely provide adequate sanitation and cooking facilities.²⁸ This should not be surprising given that 45 per cent of migrant workers surveyed earned less than 500 RMB (US\$60) per month. Wages such as these in China's major cities make home ownership virtually impossible and rental of minimally adequate housing difficult.²⁹ Inadequate housing of migrants reflects their inability to afford secure tenure and the benefits deriving there from. Although systematic comparisons between Zhejiangcun of the early 1990s and the many informal settlements spread around Beijing today are impossible to make, anecdotal evidence suggests that migrants once could both afford and benefit from secure tenure, if only for a few years. There may be important lessons to learn from such comparisons where they may be found side-by-side today.

For many of the approximately 50 million urban low-income residents with urban household registration, neither security of tenure nor living conditions may be much better than for migrants. Those families that own a home or still live in a heavily subsidized apartment may rent out part or all of their homes to migrants, including foreigners, to cover expenses. But these homes, especially in central locations, are being demolished to make way for urban development projects, many of which are reconfiguring on a massive scale the social, economic and residential functions of the city. The current supply of state-owned or controlled low-rent housing can cover only a fraction of the demand, while the purchase prices for a subsidized apartment is far beyond the means of these families (see Box 3). The pressures are therefore building to find simultaneously a solution to the housing needs of both migrant workers and registered long-term low-income residents.

Box 3. Urban housing programs for "low-income" residents

Shanghai's low-rent housing (*lianzufang*) program is the country's largest and most developed. Yet, in 2006 0.5 per cent of households participated in it (21,460 households out of a city total of 426,000). To qualify, households must meet the city's requirements of being both income and housing poor.^a The much larger publicly assisted housing program, Economic Housing (*jingjishiyongfang*) receives government subsidies in the form of land contributions, and reduced

27. FN 17 provides one source of urban population growth. Johnson (2005) quoting World Bank projections states urban growth will grow to 850 million in 2015 from 520 million in 2005. In either case, these figures should be considered rough estimates.

28. Wang 2006.

29. A sample survey of migrant workers in six major cities found only 2.5 per cent purchased their own homes (Wang, 2006). Although many migrants have permanent homes in the countryside, the combination of weakening tenure to these and the policy to encourage large numbers of rural residents to transfer to urban areas, one would expect growing numbers of migrant workers to seek secure(r) tenure for themselves and family members who are following them to the cities in greater numbers.

taxes and fees to qualified purchasers. These subsidies can reduce the price of a similarly designed and situated commercial apartment by as much as 50 per cent.

Still, as a number of researchers inside and outside China have calculated, middle and low-middle income residents do not generally find them affordable. Households in these income categories need as much as ten years to accumulate the money needed for a down payment. Simulations using Beijing data have shown that mortgage options available in China today barely allow middle income families to cover their total costs of living in the subsidized (Economic) housing. For the next lower income category, simulations show low-middle income households running significant deficits.^b

Aside from lack of affordability, the Economic Housing program suffers from other flaws, including high maximum income requirements, lax investigation of purchaser credentials and a high level of illegal sales that bring the apartments into the open market. Perhaps the program's most egregious flaw is the overabundance of large apartments (of more than 100 square metres and some as large as 250 square metres) it supplied instead of small apartments (between 70 and 90 square metres) as intended. The larger apartments effectively price low and middle income families out of the market and subsidize high middle income buyers who then frequently rent out the apartments on the open market.

According to Tomba,^c by 2002 the open market purchase price of an average 80 square metres apartment in Beijing had already reached 33 times the average yearly family disposable income in the city. Even if appropriately sized Economic Housing were available, the lower two-thirds of the city's income distribution could not afford to buy one.^d

Notes:

a. Yang, 2007.

b. Duda et al, 2005, pp. 22–24.

c. Tomba, 2004, p. 20.

d. Duda, et al, 2005, p. 26.

For the lowest income registered residents — those receiving government support in the form of a minimum income — open market rentals are also out of reach and ownership is unthinkable. The following table uses recent data from four coastal cities, Beijing, Shanghai, Guangzhou and Shenzhen to demonstrate the challenge the lowest income stratum in these cities face in accessing housing that may provide reasonably secure tenure. The cities chosen have greater resources and capacity to build low-income housing than any other cities in China. They also have relatively large and well-functioning secondary markets for both rentals and purchases of apartments for persons unable to access newly built accommodations.

In each of the four cities, the minimum income payment is either 290 or 300 RMB (US\$35 or 36) per person per month. For a family of three, the maximum monthly payment would be 900 RMB (US\$ 108). A family of this size and income would almost certainly rent a one-bedroom apartment in what is called a “common” apartment block. These would typically be in buildings left over from the era of mass produced, un-decorated apartments of the pre-housing reform era or even into the late 1990s. But they could have an independent kitchen and bathroom. Many multi-storey buildings would not have elevators, however. In each of the four cities, one month's rent exceeds the total family support from the government by a low of 140 per cent to a high of 210 per cent.

The prospects for purchasing a one bedroom apartment are even more dismal. To purchase 1 square meter of a low-end apartment in the second hand market, the price might be roughly one half of the overall average of second hand housing in a given city. In Guangzhou the ratio is most favourable: 3.3 months of the family's total government stipend would purchase one square meter. In Shanghai, the same square meter would require all the family's payments for

7.3 months. This analysis suggests that migrants and families on the government assistance are likely to be competing for the lowest end of the informal rental market as the remaining stock of publicly operated housing is privatized and/or torn down.

Table 1. Housing market challenges for the very low income group in four coastal cities

City	Purchase of 2 nd hand housing	Monthly rental for ordinary apartment (by no. of bedrooms)			Social support per person per month	Total social support for family of 3	Months of total social support to rent 1 br	Months of total social support to buy 1.0 m ² of economic housing
	Housing/ m ²	1 br	2 br	3 br				
Beijing	8,916	1,550	1,987	2,487	290	870	1.78	5.1
Shanghai	12,774	1,844	2,267	3,464	290	870	2.12	7.3
Guangzhou	5,960	1,270	1,595	2,357	300	900	1.41	3.3
Shenzhen	9,645	1,642	2,076	2,632	300	900	1.82	5.4

Note: All prices are in Chinese Yuan (RMB).

Source: January 2007 Real Estate Index Monthly Report, <http://www.sofun.com>, Real Estate Portal, 14 March 2007, accessed 5 April 2007.

China's leaders recognize the seriousness of the problem of assuring adequate housing for all urban residents. The government is seeking to use the market and non-market methods to rein in the explosive increases in housing costs, to build or purchase from the market rental housing for the lowest income strata and to offer subsidized housing to help middle income families purchase their first homes. Low-income (rental) housing along with subsidized commercial housing will be located adjacent to the major mass transit arteries, as is being planned for Beijing and has been implemented to some extent in Shanghai. While such accommodations may be at some distance from the central city, the new communities are being designed to offer convenient access to full health, educational, commercial and recreational infrastructure. Expanding the coverage of the housing provident fund and instituting supports to help low-income families obtain mortgages, along with measures to fully integrate migrant worker housing needs into formal urban housing plans are recognized as important problems but have yet to see major policy initiatives taken up by lawmakers. Moreover, the supply of affordable housing being supplied to many urban markets through formal channels will fall far below the need for at least the next few years.

In the meantime, the principal focus of government policy, announced on 3 April 2007, is to rein in costs and prices of housing supplied through the Economic Housing program and the commercial housing market. The core of policy is to root out corruption in the planning, bidding, permitting, financing, land assemblage and clearance, construction, marketing and management of real estate projects. The assumption is that this will reduce the waste of public and private resources, diminish the impact of speculation, and allow a matching between the needs of consumers and quality of housing supplied by the market (Ministry of Construction, et al, 2007). Many of the concerns being targeted in the current initiative have been recognized for years. Responses were conceived by the responsible ministry, which then directed provincial and city level offices to implement the directive. As a whole, these initiatives have not been implemented effectively. The newly announced policy intends for

close cooperation among eight ministries³⁰ in investigation of problems, implementation of corrective measures, and continuing monitoring of performance. However, even under the most optimistic scenario for implementing the policy and corrective measures, the near term housing problems of low-income households are likely to grow.

Concluding remarks

For most of the China's history since 1949, families generally held secure tenure to land and housing. The picture is changed considerably today. Peasants have been forcibly driven from their land by pollution, illegal land requisitions, large infrastructure projects and insecure livelihoods, among other reasons. As workers in the cities, migrants' wages and instability of employment rarely permit access to long-term housing. As a result, many migrant workers live in accommodations that are of the lowest quality, and not infrequently officially labelled as dangerous or illegal and earmarked for demolition.

While urban workers with stable formal sector employment have managed to purchase adequate housing, those who have lost their jobs or have retired on inadequate pensions or disability benefits cannot afford to buy apartments. Commercial rental options are also out of reach. These new urban poor are trapped in the remnants of the state-operated housing system in which rents are still heavily subsidized. These apartments, often located in core urban areas, have been allowed to become run down, and are prime targets for demolition. Forced evictions have occurred in significant numbers in these communities, very likely causing the families involved long-lasting distress. Migrant workers who house themselves in urban *chengzhongcun* and run-down low-rent apartments that are also targets for demolition are likely to form a large part of the demand for government sponsored low-rent housing. The supply of such apartments in the near term is far below the numbers needed.

Government efforts to induce the private sector to produce housing that will meet the needs of all but the most vulnerable members of urban society have fallen short of expectations, causing great uncertainty for low-middle income families. If recently announced policies to regulate the mainstream urban housing supply system do not have a strongly positive effect in the next few years, insecure housing tenure may well become the chief worry of the large majority of China's urban citizenry.

Despite the many prospective solutions being discussed at the highest level of government, it is unlikely that action can be taken in time to avert a housing crisis for the lowest income groups in many cities. Fast economic growth has produced a massive increase in the per capita residential housing space occupied by *hukou* holders in Chinese cities. At the same, however, the precariousness of tenure to housing for the lowest income decile of this group has risen sharply. Tens of millions of migrant workers and family members without urban *hukous* subsist in unhealthy and/or dangerous communities in both the centres and peripheries of China's largest and fastest growing cities. They will continue to do so for the foreseeable future.

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