



Effectiveness of Subsidized Home Ownership Scheme In Beijing

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There have been widespread public debates on housing problems ever since the beginning of the housing reform in urban China. Growing concern about the lack of affordable housing to the majority of Chinese households has prompted considerable policy intervention in China. The housing affordability situation is even more acute in Beijing, the capital of China, due to the soaring house price. With the aggravating housing affordability problem in the city, there are increasing concerns about the effectiveness of the principal subsidized home ownership scheme, the Economic and Suitable Housing Scheme (ESHS). The aim of this research is therefore to evaluate and explain the performance of the revised ESHS in providing affordable housing to its target households in Beijing under the new affordable housing strategy announced by the central government in 2011. A multi-tier evaluation framework will be established to assess the housing affordability, accessibility, availability and the housing quality issue of ESHS. Data for this study is gathered from two different but complementary sources. Apart from the existing literature, press articles, government documents and reports, semi-structured interviews with government officials, this study also utilizes detailed structured questionnaires to get the perspectives from residents of ESHS in Beijing. It is found in this study that the affordability performance varies among estates located in different district. Estates located in main urban districts in Beijing have a better affordability performance compared to estates located in suburban districts using the measures of Price-to-Income ratio and Housing Affordability Index. Further, applying Residual Income approach, households living in ESHS have encountered serious difficulty in meeting non-housing consumption requirement after paying for the mortgage. As for the accessibility performance, eligibility criteria stipulated for ESHS is also problematic. As far as housing availability performance is concerned, limited supply of housing units in this scheme which is due to insufficient land supply prolongs the waiting time. Housing quality is also unsatisfactory in terms of construction quality and poor location. It is also argued that policy design and policy implementation process and broader institutional arrangement contribute to the performance of ESHS.