

# A Review of Studies on Public Rental Housing Refund Mechanism in Chongqing

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**Abstract:** In recent years, our government gradually increase the investment for low rent housing, affordable housing construction and shanty towns , the low income family's housing conditions have been greatly improved. On June 8, 2010 issued "guiding opinions on speeding up the development of public rental housing", urged all localities to speed up the development of public rental housing, to gradually solve the housing problems of "sandwich class". That is not enough for affordable housing standards or affords to buy commercial housing; having living difficulties such as just the students who just participate in the work , migrant workers etc. to solve the lower middle income family living problems. In this paper, by looking for a large number of literature, analysis the present situation of the public rental housing research on domestic grandpa. And summarizes the international public rental housing exit mechanism enlightenment to public rental housing in Chongqing. The monitoring measures and policy recommendations are proposed systematically for our public rental housing.

**Keywords:** Public rental housing; Exit mechanism; Operation mechanism

## 1. Introduction

In recent years, as the country of low-rent housing, economic applicable housing construction and shantytown renovation investment increase gradually, urban low-income housing conditions are improved greatly. However, the problems of lower-middle income by the inability to lease or purchase housing market but cannot apply for low-cost housing or affordable housing sandwich family housing have become increasingly prominent. The government issued "about speed up the development of public rental housing to the guidance of" on June 8, 2010, which called to speed up the development of public rental housing to solve the housing problem of the above-described progressive society "sandwich class" group. People cannot afford housing standards and commercial housing; solving the housing difficulties of urban lower-middle-income families problems , needy students live just to work and migrant groups. So Keqiang Li made great efforts to develop public rental housing as the main task during the second five affordable housing construction[1]. According to the "twelfth five-year" plan, the next five years, China will build all types of affordable housing and shantytowns 36 million units, among them, the public housing will be more than 10 million units, as the subject of affordable housing in our country. Since the beginning of 2010, large-scale construction of public housing in Chongqing, planning to use three years to build 40 million square meters of public rental housing, solve the housing problems of 2 million low-income groups. As a major livelihood project,

the public rental housing construction goal in Chongqing is to meet the requirements of low-income groups, application is not restricted by the household registration system as long as there is no property right in Chongqing urban area can apply for[2]. By then, China's affordable housing coverage will reach 20%, which reflects the development of the country's GDP growth to focus on improving people's livelihood change. It has epoch-making significance.

Vacate mechanism is an indispensable important part of public rental housing security system[3]. Complete public rental housing security system should include the financing of public rental housing and construction system, operation mode, management mechanism, enter and exit mechanism and other aspects. Any part of the missing or incomplete will hinder the smooth functioning of the whole system, influencing the full play of the guarantee effect of public rental housing, and the improvement of the characteristic of our country housing guarantee system.

From a practical point of view, "sandwich class" population is large, and the dynamic change quickly, so public housing must establish a clear loop-exit mechanism, allowing qualified people to enjoy the welfare of the social public rental housing, and unqualified people exiting the public rental housing system in a timely manner, It can be seen from Figure 1.

## 2. The Research Status

### 2.1. Domestic research status

The current study focused on the following aspects: the importance of mechanisms vacate, vacate way, the rewards and punishment regulations of vacate. In the importance of the vacate mechanism research, most scholars agree that mechanism of vacate is the key to achieve its social function in affordable housing.

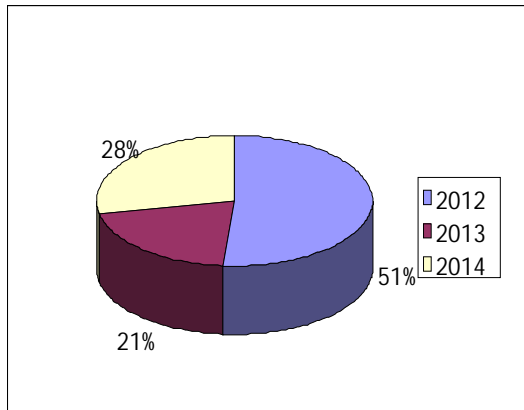


Figure 1. Public rental housing number percentage in calendar year in Chongqing

In view of the rewards and punishments of housing problem, Benjun Chen think it is divided into two ways, one way is to reward the exit mechanism, mainly for the purchase of affordable housing who can enjoy family monetary subsidies. According to households changing from the insured for the public rental housing soon or later, were given different rewards, who quit sooner with the great amount of reward; One is forced to exit the mechanism, mainly for families to enjoy the public rental housing, the relevant departments of the tenant review their income conditions and other aspects once a year, and cancel their rental qualifications who no longer meets the conditions. For those who do not take the initiative to exit through legal and other means to force out[4]. Junsheng Guo studied the regulation in the access and exit mechanism[5].

Ling Lin advocated to improve the personal credit system, and the way of object rent protection, coordination of different government departments and agencies to protect resources and improve the level of the minimum living standard guarantee and thinning out the standard of rent "five in one" to improve the exit mechanism[6].

Lihui Liu, Zhongxian Tong advocated the establishment and improvement of affordable housing exit mechanism of related policies and laws and regulations, personal credit and income monitoring mechanism. Through a variety of ways to help families improve their ability to industry members and the quality of the labor market in order to improve their competitiveness, thereby increasing their income. In addition, the implementation of various housing support ways to make housing security sys-

tem to meet the different requirements of low-income housing needs[7].

Min Zhang believed that the current exit mechanism not really fulfill its function in affordable housing, mainly because of inadequate income dynamic detection mechanism. Because it is difficult to identify the lowest income family income changes, the affordable housing actuators is difficult to connect on the exit mechanism. If the exit mechanism is imperfect, housing security will become the "abyss", while there have been water flows, the government continued investment. On the other side, the situation for tenants of continued possession cannot achieved dynamic circulation of public rental[8].

Jie Chen thought without an effective exit mechanism is a fundamental flaw. Not exiting after improving income is not fair for other low-income persons[9].

Huilin Huang, Cifang Wu selected four economic applicable housings do questionnaire survey in Hangzhou city, Zhejiang province, the protection of housing "inner loop" system is implemented micro-economic behavior of the participants to analyze security of housing, probing into the cause of the abnormal housing security system and putting forward some recommendations to improve the operational mechanism of the housing system[10].

Zhan Zhang proposed the establishment of a comprehensive and multi-dimensional access review system combined with implementation of the scientific system of waiting[11].

Ping Yin analyzed the current development cycle internal mechanisms of public housing and the existing problems, based on the analysis of the United States and other developed countries advanced experience, proposed the establishment of a rental type, rental and sale of type as the main body of the multi-level circulate mechanism of affordable housing[12].

In short, the current domestic research for public rental vacate mechanism mainly focus on the discussion of public housing in our country should establish a sound mechanism to vacate, specific vacate provisions in various places as well as the problems in the existing vacate mechanism; the cause of the public housing vacate mechanism is difficult to perform and the advanced experience of foreign housing vacate mechanism and its experience and enlightenment to our country public housing exit mechanism; Discussion of legal research, punishment mechanism and how to build a better incentive mechanism for public housing exit mechanism, etc. Analyzing the defects of existing public housing exit mechanism and how to build public rental multi-level vacate mechanism system research.

## 2.2. Foreign research status

Affordable housing policy in foreign countries can be mainly divided into two stages. The first phase of the housing has a serious gap period, intervening directly in

the construction of public housing, investment and allocation is the government policy. The second phase is to maintain balance supply and demand for housing, housing gap basic problem was solved, governments policy is basically to purchase tax breaks and subsidies, encourage individuals to buy a house. The following housing mode is relatively representative: the government participates to guarantee, the American model of market mechanism to play a leading role; The government subsidies, public housing construction and management of the European welfare state model leading by nonprofit organization; The government and market play a role at the same time, the "double track" system of public housing supply in Southeast Asia welfare economic model.

Junhua Chen, etc. mentioned that Hong Kong public housing beyond a certain limit must declare net assets out of every two years the government provides preferential house purchase measures such as encouraging emigration; estate management points, the full deduction will be forced to move out; the abuse of public housing resources may be prosecuted or imprisoned[13].

Lihui Liu analyzed and summarizes the successful experience of Hong Kong's housing security vacate: establish professional management organization, prompting households to buy their own rented accommodation through incentives, and to develop a sound legal system, to give strict punishment to the offender[7].

Yun Zhong thought the perfect personal credit system in America is the key to success in the public housing audit and exit[14].

Qiong Xu referred to the government of Singapore, at the beginning of the formation of affordable housing system, it made a clear exit mechanism. At the same time, in order to prevent the application of cheat behavior, developed severe punishment, once found cheating behavior, will be fined S \$5000. Some severe cases will be sent to prison for six months, if the circumstances are serious, will face penalties[15].

Lixin Zhou pointed out that it is also important, in the construction of public housing in Singapore, the money of the government plays an important role, such as the Singapore government, to maintain a set of house running smoothly to pay large sums of financial budget every year, and there is a relatively efficient system of housing accumulation fund. As an important pillar of the long-term stable development group house accumulation fund, provides the government house system needed to run large sums of money each year to maintain group source[16].

Junhua Chen pointed out that the three conditions of public house to exit in Japan. Single elderly, the disabled and families of 2 or more persons apply for different types of houses; Residential poverty degree is particularly high, low income of old people, family-mother families, disabled families will be given priority configuration. Re-

port income and adjust rent every year. More than standard income for two consecutive years, moved within a time limit. Not moving out after expiration, the pay is higher than the private market rents penalty[17].

Xu Qiong pointed out that the Japanese government also established the corresponding exit regulation. Three years later, not conforming to the standard will have an obligation to exit the public house. If someone refused to return a house, will be punished. To refuse to return a house, after a public housing high income panel discussion can check out the decision, so that the low income earners in the government public housing[15].

Xiaoling Luo pointed out such as Germany's public welfare housing rents set a series of flexible changing mechanism for affordable rental and market rent. The German government, where the income exceeds the standard should exit welfare homes, or they will be charged market rent. Since there are some fluctuations about tenants' income every year, the German government asked tenant families to declare their household income each year to Government Housing Authority. By the end of 2011, about 14% of the German welfare rent live family does not belong to the welfare housing supply object, but to pay the rent according to the market rents[18].

Daofa Yang pointed out that the policy of the British government to the tenant right of first refusal, encouraging renters to buy the public housing rental at a discount, public housing vacate reduced the resistance. At the same time, restrict the sale of discounted public house to resell[19].

### **3.The Research Experience of Public Rental Vacate in Developed Regions or Countries**

#### **3.1. The public rental housing vacate mechanism in Hong Kong**

Basic coverage to 50% of the entire population of public housing in Hong Kong, Hong Kong Housing Society and the Hong Kong Housing Authority implement the planning, management, co-ordination arrangements of public housing. In addition to providing public rental housing, the Housing Authority also launched the "Senior Citizen Residence Scheme", "Home Assistance Loan Scheme," "Tenants Purchase Scheme", "Home Ownership Scheme", "Elderly residents rent allowance Scheme "and "sandwich class Housing "and for the different needs of different sectors. At the same time, depending on the plan setting a strict exit mechanism, the purpose is to help the real housing need but have no ability to afford a house home.

Early Hong Kong housing authority does not have the exit mechanism to require the tenant to move out public housing after their economic conditions improving. But with the high speed development of Hong Kong's economy, a lot of public rental housing tenants family eco-

conomic condition is obviously improved, and even some have private property, etc. In order to ensure the public rental housing to provide those who really need, the public housing rent policy began to adjust since 1987. The policy requires tenants must declare their family income once every two years full 10 years of living in public housing. If not declare income or in excess of the quota, the tenants must pay extra rent according to the rules. Housing authority will determine public housing rental income and assets limits every year according to the social conditions and economic development situation. In April 1996, the Housing Authority implemented the "rational allocation of resources to maintain public housing policy" to provide two criteria about income and net asset value as a measure of whether the tenants continue to enjoy subsidized public housing eligibility. It still have to declare a property for two years if tenants must pay extra rent in the "public rental housing tenants funding policy". Jingwen Zhang mentioned that "the Housing Subsidy Policy" in Hong Kong stipulates that such as revenue accounts for more than two times of the income limit, 1.5 times the rent must be paid; Such as more than 3 times, or not to declare, you must pay double rent. "The policy for maintaining the public housing resources reasonable allocation" further regulation, for the double rent tenant having paid, if he would like to live in public housing, should report the next return cycle assets. If more than the Waiting List income limit three times, the net asset value exceeds the asset limit specified in or not to declare, the tenants shall move out of public housing. These households may apply to continue to live a year, but must pay the rent of equals the market price[13]. In order to ensure the effective implementation of the public rental housing exit mechanism, starting in 2004, the Hong Kong housing department also set up professional departments to study that does not have the qualifications but no appropriation of public rental housing with false information. Once it is found to locate illegal behaviors, the Housing Authority can immediately terminate the rental contract, and according to the law to check his property situation, according to the weight, he would be jailed for six months and fined 20000 yuan. At present, Hong Kong Housing Authority adjusts net assets limit every year of tenants. Such as public housing tenants family income and more than prescribed limit, to declare assets and out of public housing; Or choose not to declare assets, then have to pay the prevailing market rent, move out the public rental housing units in a year. For the "Senior Citizen Residence Scheme" elderly tenants, tenancy cannot be handed down generations automatically. When the tenant householders and their spouses died, a member of the other adult in the family must accept a comprehensive review of the economic situation of the Housing Authority. If you meet the conditions, you will be approved to sign a new rental contract; do not

meet the conditions, the housing directly back to the Housing Department for compliance with other family rental conditions. "Tenants Purchase Scheme" housing, in the purchase of the house the tenant has been the government's incentives and subsidies, such as domestic affordable housing, at the time of resale, the government has certain limitations. That is, from the beginning to purchase public housing cannot be resold within ten years; if you do need to sell, and can only be sold to the Housing Authority. The top five years according to the original purchase price depreciation deducted to calculate, the selling price of the house after five years in the same period. After ten years of purchase of public housing, the owners, after paying the premium to the government of the property may be publicly traded.

### **3.2. The public rental housing vacate mechanism in British**

Britain is the earliest industrialization country in western, the earliest to perform affordable housing and implement the government intervention. From the type, England's affordable housing mainly includes Social Rented Housing, Low Cost Homes for Sales, Intermediate Rented Housing. Mainly to provide housing for the certain qualified people with market demand for housing not satisfy. On the ratio of the structure of three kinds of affordable housing, with 2008 years of new delta as an example, the social housing policy biggest proportion (54.7%), low price of repatriating the second (43.3%), transitional rentals account for only a small proportion (about 2%). It is the most important form of the British Government for the protection of the living conditions to take the way of rent subsidies. "Rent subsidy amount calculated by the following formula. 1. The tenant's income is lower than the necessary expenditures for the family, the rent subsidy amount = rent - {minimum rent - (necessary expenses - income) \* 0.25} - the caregivers deduction; 2. The tenant's income is higher than the family expenses necessary: the rent subsidy amount = rent - {minimum rent + (income - necessary expenses) \* 0.17} - the caregivers deduction.

Britain mainly used ownership control measures, using change control, contribution and obligation mechanism and planning mechanisms ,etc. Their intention is to adjust and control on the second housing. In addition, removing the corresponding preferential subsidies was one of the methods to limit the second homes. As early as 1974, British promulgated the "housing law" to limit the second law of the residence. As an important law, it is an important law to standardize housing market and make the affordable housing work orderly implementation. In the same year, the Finance Act deprived of second homes of the Grant Rights and Tax Relief. This is also from the perspective of the grant, further standardize the real estate market, let the limited housing resources satisfy the

basic needs of residents. After years of practice of reform, the British housing system is becoming mature. It gradually relied on market regulation from government intervention, achieving a better combination of market mechanism and government intervention.

In the circulation of affordable housing, the British government develop the "right of first refusal" policy. "Right of first refusal" clause: rental public housing tenants have the right to buy the public housing at a discount price after living for two years, discounts starting at 30% of the sale price, the longer the rental period, discounts the proportion is higher. For the tenant to buy apartment-style suites, discount rate will be higher, living two years later can discount 44%. In general, after selling public house according to live life to the tenant discounts, for each of the actual price is about 2.5 times that of the resident income[18]. The British governments pay attention to the establishment of the exit mechanism. The residents enjoying a discount to buy public housing, if sold within the prescribed period, he should return all or part of the discount; If you leave the main job of social workers, you must immediately return the property rights of commercial and policy loans. The guarantee mechanism helps to promote social fairness, collect the money for more low-income families in time, which can effectively prevent curing housing welfare.

#### 4.The Research Experience of Public Rental Vacate in Domestic

##### 4.1. The public rental housing vacate mechanism in Beijing

The public housing Beijing has a deadline to lease, the lease contract period normally for three years, the longest do not exceed 5 years. In principle, the contract should have quit public housing tenants. If the tenants need to continue renting, should be offered to apply for 3 months before the expiration of the contract. Then the public housing management departments and relevant departments to reply, only for eligible tenants to renew leases. If rental conditions are not met, but not out of public housing in time, they can give 2 months after the approved transitional period, not beyond the transition period in transition period, started a similar housing rental market rent according to the same location. After the expiry of the transitional period, tenants could not come out family rental housing, according to two times the standard of public rent, a specific agreement in the lease contract is that the tenants who refuse to exit will be recorded in the credit files. Out of public housing arranged by property units in a timely manner in accordance with conditions of waiting families choose room occupancy, and insurance departments for the record.

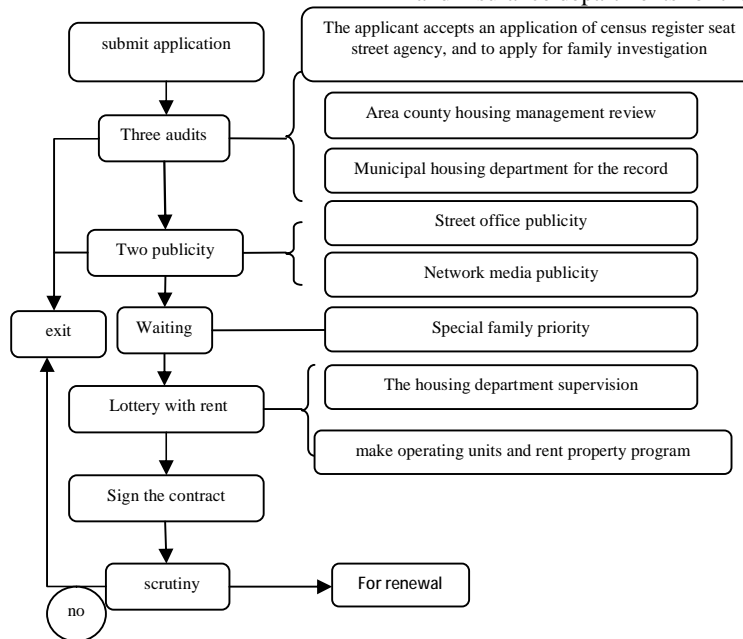


Figure 2 Public rental housing rent process in Beijing

As can be seen from Figure 2, with rent in the whole process and follow-up management, there are three possible exits nodes, namely: do not meet the eligibility criteria, without publicity, as well as does not pass after a period of time rent review. One of the most complex and

difficult situation is to exit after the lease period. In accordance with the "notice" requirement, after the signing of the lease contract, the county housing security management would review the tenant family situation of public rental housing every year. After the expiration of the

contract, the tenants who need to renewal also accept all the qualifications. In these two types of review, the tenant will be out of public housing without qualification. But, unlike two exit node, then the lessee has occupied public housing, how to achieve timely back rent housing is difficult. The public rental lease contract in "Measures" made it clear that the contract deadline doesn't more than five years. It is said to provide full institutional guarantee, so to speak. But during the period of the lease, the change of the tenant family economic situation does not meet the conditions of no repel and measures. The currently levied double rent and bad credit record clearly is still lack in strength. And it is difficult to ensure public housing recovery timely. Taking into account the large number of households queuing public housing every year, extended cycle will force the government to build or acquire more affordable housing, greatly increasing the fiscal burden of government.

#### **4.2. The public rental housing vacate mechanism in Shanghai**

Shanghai stipulated the current object of the supply of public rental housing is the housing difficulties of low-income families in the city in "Shanghai public rental housing management method", including passed the low-rent housing, affordable housing, the family's price in the waiting room, as well as other housing difficult family, it will not open to non-nationals in Shanghai.

August1, 2010, obtaining the status of low-rent housing, affordable housing and low-cost families do not need to apply for again. Directly to the residence street town live in security sector to register, they will be able to enter the waiting area of public housing. Rent of public housing families cannot enjoy the low-rent housing, affordable housing, low-cost houses and other policies at the same time, but can apply for buying affordable housing or price room. Once you buy affordable housing or price room, you must exit the original rent of public housing. Shanghai housing also turn from mainly sales to rental simultaneously. Currently rent ratio is relatively small, the proportion of rental housing will increase gradually.

#### **5. Conclusion**

The construction of public housing management covers the construction of the building, access, distribution, management, flow, exit at various stages, etc. Since the establishment of housing security system in our country, the spotlight has been into the mechanism, and the study of exit mechanism is relatively short. And public rental is only appeared in the last three years, so the system of relevant laws and regulations is not perfect. Because of lack of the support of theory and practice, the public housing access and exit mechanism research in theory and practice of domestic is a weak link. And theoretical research and practice is lacking. Study of public rental

vacate problem is not very systematic. By adjusting the literature in the investigation on the basis of the previous scholars of public rental vacate problem studies, summarized elsewhere exit mechanism for public rental, research, and practice in mature international practice affordable housing exit mechanism of the domestic. Public rental housing exit mechanism will be comparison of each other, And combining with the local current situation of Chongqing, vacate mechanism of public rental housing is to do a systematic study, to explore a kind of effective exit mode in order to solve public housing exit problems which may encounter difficulty. It will promote the application.

The affordable housing allocation access to exit mechanism in China, with important political, economic, social, and ultimate value. Political value is that affordable housing access to exit mechanism to meet the basic housing needs of different sectors of the members, reducing people's discontent, and promoting stability and social development; economic value is that affordable housing exit mechanism can access effective regulation of the housing market bubble, the real estate industry play an important role to promote the development of the economic efficiency of the whole society; social value is that effectively solving the housing problems of low-income groups and special group is conducive to the government of affordable housing system into effect, improving the government's reputation, winning over the people; Ultimate value is that promoting socialist members lived on fairness and justice, to reach people, so as to realize the ultimate value of human beings, human complete liberation, to let people free comprehensive development.

Further construction and allocation of public rental has just begun in Chongqing, quitting the instance of public rental is also less and almost no experience, so there may be a variety of potential pitfalls and risks of exit mechanism design. Therefore, the study of public rental vacate mechanism is particularly important.

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