

A STUDY ON THE EVOLVEMENT AND DEVELOPMENT OF THE LAND AND HOUSING POLICY IN CHINA 1949~2002: A TRANSITION FROM PLANNED ECONOMY TO MARKET ECONOMY AND THE DEVELOPMENT AND OF THE HOUSING AND REAL ESTATE INDUSTRIES

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SYNOPSIS

In 1949, the People's Republic of China was established and the Chinese Communist Party took the power. During the period of the first 5-year-plan from 1953 to 1957, the industrialization was promoted under a planned (controlled) economy. The characteristics of the housing construction and the housing policy can be summarized by the following 2 points. First, new houses were constructed as government officials' residences or company houses for public company workers, and the basic policy of the government was to supply people with low rent houses, as for the existing individual houses, control measures were taken by setting a ceiling for the rents and ownership. From 1958 to 1977, the existing housing stock also became old and housing conditions notably deteriorated.

In 1978, the communist regime started implementing a reform and open-market policy. Due to the policy change, the level of housing stock kept being raised, and the real estate industry that had not existed before was established. The first policy taken by the Chinese government after the introduction of the reform and open market policy in 1978 was supplying urban public housing on a massive scale. In the 1980s, it separated the right of use from the ownership on the national urban land, and sold it in lots to foreign investors within special areas designated for the purpose. After the success of this experiment, the Chinese government admitted selling the right of use in lots on the whole urban lands, and thus *de facto* system of private land ownership was established. This selling of the right of use in lots financed the rapid urban development in China.

The government admitted individual ownership on houses and promoted the construction of houses for sale. Under the reform and open-market policy, the standard of housing improved year by year. At the end of the 1990s, the government totally abolished the system of officials' residences and company workers' houses, and it changed its housing policy to a new system based on individual ownership, in which the government promotes housing constructions by granting subsidies and loans to people.