

DETERMINANTS OF AFFORDABLE HOUSING ALLOCATION: COMMON PERSPECTIVES FROM LOCAL OFFICIALS

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Abstract

In response to the wide social concerns of exponential price inflation and the severe demand for affordable housing over the last decade, the Chinese government has enforced a national plan to enhance the large-scale construction and provision of affordable housing, while municipal governments are responsible at the local level for implementation and allocation via various housing provision programs. In this paper we collected first-hand data from a series of personal interviews with government officials to conduct a systematic analysis of the challenges of housing allocation from the perspectives of administrators at the city level. In light of the responses from practitioners, the four main concerns giving rise to low efficiency and unfairness in housing allocation are: the faction of agencies, ineffective monitoring systems, the lack of transparency of information, and the absence of legal enforcement. Legal enforcement is the most important institutional establishment as it stipulates agency collaboration and monitoring. Transparency, which is affected by legal enforcement, also enhances cooperation among departments.

Keywords: Affordable Housing, Determinants, Allocation and Distribution, Local Officials

JEL classification: R5, R580

1. Introduction

Over the last three decades, the Chinese government has carried out a series of housing reforms in urban areas. In addition to achievements in marketization, serious criticisms have emerged as a result of the real estate boom since the last decade. Specifically, dramatic housing price inflation and the lack of affordable housing have become the top concerns in Chinese society, and this concern has worsened by the ongoing process of urbanization and industrialization across China's major cities. In response, the central government has developed an ambitious plan to enhance the provision of affordable housing. However, municipal governments at the local level are not as enthusiastic in their efforts as the state. Due to the decentralization of the central planning system, the national government has merely responded by developing new policies to support affordable housing; while the municipal governments have taken the majority of responsibility for the testing of the various housing provision programs (Wang and Murie, 2011). Besides maintaining their own priorities and revenues on the one hand, these local governments also have to enforce specific responses to issues of finance, construction, and allocation in order to further implement the central policies. Therefore, the most effective approach of evaluating policy implementation and administration performance is to investigate the inputs and environments at the municipal level rather than the central level. Although the emphasis on affordable housing from the central government has enhanced housing construction and provision, it has been widely reported that there are still a huge number of eligible households waiting for housing units, while thousands of affordable housing units remain vacant. At the end of 2013 in Shenzhen, 1,354 affordable housing units remained vacant while over 10,000 households were on waiting lists and only 55% of eligible applicants had moved into their houses. Similar situations are pervasive among Chinese cities. According to some very recent research, 20% of affordable housing in major Chinese cities is vacant while millions of households are still on the waiting list (Chen and Chen, 2013). The distribution and allocation of affordable housing continues to receive serious criticism due to its low efficiency and injustice.

In this paper, we interviewed ten local government officials, who either work in the housing bureau or the urban-rural development (HURD) departments of municipal

governments in four southern Chinese cities in order to solicit policymakers' views on policy environments and the main challenges on of housing allocation. We evaluate the main factors affecting China's affordable housing allocation at the municipal level, based on the common experience and opinions of these officials. Problems with housing allocation for specific affordable housing programs have been well documented in reports on specific cases and programs, including the rent-seeking and corruption behaviors of local officials, the shortage of housing, and the complex application procedures (Huang, 2011; Li, 2009; Lin 2007; Qian 2003). However, barely any research has focused on the effectiveness of housing allocation or tracked fundamental evidence from local implementation across adopted programs. This paper aims to explore this uncharted territory and look closely into the implementation of housing allocation, and identify the causal factors that contributed to the inefficient allocation issues. The first factor is information: the lack of transparency across agencies, which gives rise to obstacles in review and verification processes, as well as a lack of transparency which could encourage public participation in the process of allocation. The second cause is "turfs and faction among local agencies which results in ineffective collaboration. Thirdly, top-down supervision merely focuses on the inputs on affordable housing investment, while there is insufficient social monitoring from local residents and media paying attention to the outcomes and justice of allocation, and the fourth factor is the lack of legitimate institutional establishment to provide unitary guidelines. Despite new policies developed since 2010 to enhance housing provision, the implementation of distribution and allocation of housing still needs significant improvement.

This research investigates how local public servants perceive the challenges of implementing housing allocation and compares their opinions originating from day-to-day working situations. The rationale behind utilizing original fieldwork as the main data collection mechanism are as follows: first, the lack of existing data from previous research, which mainly focuses on theoretical arguments and empirical reviews or policy analysis at a national level. More importantly, investigations relying on structured inquiries can tap into the invaluable views of the interviewees and consolidate their experience into systematic arguments, which is crucial to the understanding of the challenges and environments local officials confront in real-life situations. As this exploratory study aims to reveal a series of critical factors, we need to determine the main variables affecting housing allocation. On the basis of these factors, we are also able to policy prescriptions which would improve housing allocation in the future. We begin with a brief review of the arguments and conclusions of previous studies to provide a general background and understanding of why the problem of inefficiency and unfairness of housing allocation has arisen. We then go on to illustrate our findings, which are associated with mainstream theories, discuss the main suggestions to improve housing allocation, and then draw our conclusions as well as outlining the direction of our research in the future.

2. Factors Impacting on Affordable Housing Allocation—A Comprehensive Review

The literature on China's affordable housing is voluminous. However, the majority of studies focus on affordability, financial issues or policy analyses, with only a few studies having been conducted on housing allocation (Wang and Murie, 2011; Ying, Luo and Chen, 2012; Huang, 2012; Zhu, 2013; Chen, Zan, and Wang, 2014). Improving the final outcomes of affordable housing provision in the current climate is still a major gap in the literature. Since data on local allocation of housing is extremely limited, previous studies have mainly focused on descriptive or theoretical analysis rather than sophisticated fieldwork.

The Chinese government has demonstrated an impressive commitment to providing low-income housing in recent years; however, it is fair to say that the low-income housing program implemented in cities so far has failed (Huang, 2012). One of the reasons for the failure of these housing programs is the problem of allocation. As local public agencies are responsible for reviewing and screening applicant information as well as making this information public for security reasons, rather than merely asking applicants to submit their information, verification is usually considered to be the first main phase of allocation. Thus, information collection is crucial to the performance of this phase, which requires a systematic process of collection and multi-dimensional communication to enforce effective verification. Furthermore, to prevent unsuitable allocation, the issue of information accessibility and

transparency plays an essential role in providing housing for eligible applicants and coping with mismatched target groups.

From an economic point of view, flat size is the prerequisite to effectively distinguish between eligible and ineligible applicants during the process of affordable housing allocation. Zhang and Zhou (2011) established a model for the access management of affordable housing based on the theory of incentive mechanism design. By using data from Beijing, these authors demonstrated that the flat area of affordable housing units plays a critical role in the willingness of applicants to pay for such a public good. In other words, ineligible applicants are unwilling to apply for affordable housing if the flat area is less usable compared with that of market-priced housing according to their economic status (Zhang and Zhou, 2011). Based on this model, affordable housing policies should control the size of affordable housing units to restrict the benefits achieved by ineligible groups. Acquiring housing units that are larger than those permitted is also not allowed for approved applicants (Zhang and Zhou, 2011). In summary, this study attempted to solve the problem of asymmetric information of income by proposing a model for the management of accessibility to affordable housing in terms of incentive regulation. Information asymmetry exists throughout the whole allocation process, not only in the verifying of the income of applicants.

To guarantee fairness in affordable housing allocation, law is regarded as the primary recourse because of its supreme authority. Legislation is an effective way to regulate the process of affordable housing allocation. By investigating a large number of unfair affordable housing distribution cases, Zhang (2011) not only illustrated the current situation and problems with affordable housing allocation, but also introduced a theoretical framework for ensuring fairness in China's affordable housing allocation, which is based on theoretical arguments and the theory of justice. To achieve the goal of fair distribution, Zhang revealed that law is recognized as an effective instrument to direct affordable housing legislation, affordable housing law enforcement, affordable housing judiciary remedies, and sanctions for misconduct (Zhang, 2011). In addition to emphasizing the validity and efficacy of legislation, law enforcement (implementation) must cover all four stages of allocation. These stages include the authorities' acceptance of applications; the two phases of verification, including preliminary examination and review; the supervision system for housing security; and the administration and inspection after approval. These multiple stages of allocation can generate an implementation "circle" that ensures the mechanism is fair and just. Moreover, the judiciary process grants remedies if the process is violated, which include both criminal and administrative procedures. The initial types of sanctions for misconduct (administrative sanctions) will also focus on any fraudulent activities carried out by both applicants and administrative officers. Criminal sanctions are involved because of applicants who commit fraud and officials who engage in bribery or malpractice.

Moreover, the government must establish a monitoring system for applicants' submission materials so that fewer "information fees" are paid and incentive compatibility is retained (Zhang and Zhou, 2011). More severe punishment for those who acquire affordable housing units through cheating should also be specified to decrease the economic expectations of ineligible applicants and the amount of cheating from applicants. In the meantime, Huang also suggests that penalties for false applications must also be increased to punish ineligible applicants. Although these actions are *ex post facto* when any falsification is found in an application, sanctions are also useful to prevent well-off residents from abusing the system and to eliminate the rent-seeking behavior of officials (Huang, 2012). As a result, affordable housing units can be distributed to local residents who are actually in need of housing. With respect to affordable housing developers, establishing strict supervision on the control of the size of housing units when they develop affordable housing is crucial.

Bureaucratic structure in Chinese government is a major obstacle in housing allocation, that is, the essential cause of China's affordable housing allocation problems is the faction of China's intergovernmental structure (Zou, 2014). Given the current bureaucratic and hierarchical system, local governments are subject to supervision from their higher counterparts rather than being responsible for local residents. However, the absence of effective public scrutiny has given rise to poor performance or even corruption in the process of affordable housing allocation. The central government has become aware of the issue of affordable housing programs. Thus, a series of innovations was introduced to improve the

allocation mechanism in terms of collaborating with local governments. First, a few constraints were enforced to regulate speculation in ownership-oriented affordable housing, including the requirement to sell these units back to the government and certain taxes levied on the added value because of market appreciation. In addition, common housing property rights were introduced, wherein local government and approved household both own part of the property rights to these affordable housing units. Second, the information mechanism was improved to verify income eligibility and other household information regarding affordable housing applicants. Several efforts were also made to strengthen the legal mechanism of affordable housing. Although a number of renovations have been enforced since 2010, the distrust that permeates the inter-governmental structure has not been significantly alleviated.

In general, studies focusing on the situation and problems with affordable housing allocation mechanism are few in number, and there is a lack of research focusing on the implementation and perception of local governments on the system of affordable housing allocation. According to current verification procedures, municipal- and district- (county-) level authorities hold the majority of responsibility for application verification and housing allocation. Although a few valuable insights are provided from these studies, a gap still exists in observing the attitudes of the local level rather than the central (top) level of government. In the present study, the common experience of government officials in the housing departments of municipal governments will be investigated in order to determine the problems with the current allocation mechanism and to propose further policy changes from the perspectives of local government officials.

3. Determinants Extracted from the Common Perspectives of Local Officials

A number of significant statements were extracted from the interviews, and then several major themes would be drawn from these statements in accordance with theory guidance as well as previous research.

Table 1 shows a few examples of the selected ten significant statements are displayed along with their inferred meanings. Participants indicated that there are at least five bureaus involved the overall procedures of affordable housing allocation, and the collaboration of these agencies is the key element to ensuring this mechanism of allocation. From this we can conclude that agency collaboration among bureaus in any city government is the fundamental issue when dealing with housing distribution or allocation. As the Chinese government issued the target of “all residents should have a home,” municipal governments are working to extend coverage of affordable housing to migrant workers and new graduates. Due to this extension of coverage but no increase in staffing, public officials have to deal with many more cases than they expected in the process of allocation. The “Sandwich Class” residents representing the group whose incomes are higher than low-income groups but still much lower than the middle classes. are not eligible to apply for affordable housing in spite of the fact that they do actually confront housing problems. Most of the housing programs pay little attention to this group. Even though the government has enforced affordable housing extensions, families from “sandwich classes” are still not currently eligible. One official concluded that there should be four principles of affordable housing allocation: transparency in application, transparency in information, fairness to applicants, and procedural justice. This would mean that information transparency, justice, and fairness are the primary elements of housing allocation. The following two statements specifically pointed out the importance of transparency and of information, which includes information transparency from the government as well as applicants. Furthermore, the multi-dimension monitoring system plays a role in transparency and fairness, as this system ensures allocation is supervised by public opinion and social media. Currently, punishments for any rent-seeking activities or fraudulent behavior are negligible and there is a lack of effective sanctions because legislative guidelines are absent. In addition, the government is not able to sufficiently invest in affordable housing due to insufficient financial support. Last but not least, land supply is extremely limited and is the top concern in affordable housing development; this is the primary issue that impairs the development and further allocation of affordable housing.

Table 1: Examples of significant statements of officials and their inferred meanings

Significant Statement	Inferred Meaning
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<p>This allocation mechanism establishes a collaborative system among community authorities, sub-district offices, the department of housing and urban-rural development, the department of civil affairs, and taxation administration.</p>	<p>Affordable housing allocation mechanism involves more than one public agency; greater collaboration is needed between these agencies.</p>
<p>To achieve the target of “all residents should have a home,” new workers without homes and long-term migrant workers who have stable full-time jobs are now paid attention.</p>	<p>Coverage in affordable housing provision has been extended.</p>
<p>I deal with 17 to 18 cases every week. Personally speaking, the number of cases is too great to handle in addition to other assignments.</p>	<p>The department is short of labor resources in dealing with housing allocation.</p>
<p>“Sandwich class” groups are usually at the edge of application requirements; they are not eligible to apply for affordable housing but should be included into the coverage extension and higher unit provision. However, there is no specific program for “sandwich class” as the Public Rental Housing (PRH) department is focused on temporary housing problems for low-income families.</p>	<p>The “sandwich class” groups, who also have housing affordability problems, are ignored in affordable housing allocation.</p>
<p>There are four principles of allocation: transparency in application requirements, fairness to all of applicants, justice in the application procedures, and transparency of information about affordable housing.</p>	<p>In the process of affordable housing distribution, information transparency, fairness, and justice are the main principles.</p>
<p>Currently, the poor accessibility to applicants’ information, including verifying their income levels and family conditions, gave rise to significant difficulties in processing verifications and reviews.</p>	<p>The improvement of information sharing is composed of two elements: government information and applicant information.</p>
<p>The allocation of affordable housing should be transparent and subject to monitoring from local residents via publicized notices. Moreover, social media should publish information about the processes and results of affordable housing distribution. Meanwhile, the department should launch initiatives to allow residents to report any fraudulent activities from applicants and government officials.</p>	<p>Multi-dimensions monitoring systems should be established to ensure transparency and fairness in affordable housing distribution.</p>
<p>The punishment of fraudulent activities from applicants is negligible; moreover, there is no legislation or specific laws to provide guidelines of affordable housing development and allocation, while it is necessary to improve the effectiveness of misconduct sanctions.</p>	<p>The current mechanism of affordable housing distribution has a lack of effective sanctions and an absence of legislative guidance.</p>
<p>The problem that we are not able to provide sufficient housing units to targeted families is the shortfall of the investment; this financial shortage plays a huge negative role in our programs, which is explicitly demonstrated in the distribution stage.</p>	<p>Financial burdens and a lack of financial investment are problems in affordable housing.</p>
<p>Land supply is extremely limited. To further enhance the programs, land availability is one of the top concerns that must be resolved primarily; however, the only way we can obtain land in the central city is from urban renewal or redevelopment. Therefore, the alternative is affordable housing development in suburban areas.</p>	<p>Land supply is the primary issue in maintaining affordable housing development.</p>

Among these significant statements, the four major themes we learn from the statements and are defined as the determinants based on the frequencies of respondents. Table 2 presents

these themes: “agency faction and multi-agency collaboration,” “ineffective monitoring systems,” “lack of information sharing,” and “absence of legislation enforcement.”

Table 2: Frequencies of Themes Mentioned

Themes	Frequency	Percentage %
Agency Fractions	40	18.9
Monitoring System	34	15.9
Transparency	39	18.4
Legislation	30	14.2
Land Supply	20	9.4
Financial Burdens	16	7.5
Labor Shortage	15	7.2
Coverage Extended	11	5.2
“Sandwich Class”	7	3.3

Although the interviewed officials specified several common opinions and concerns about the affordable housing allocation mechanism, these four arguments are essential dimensions that illustrate the current situation and challenges according to their shared daily working experience.

Agency faction and multi-agency collaboration

The procedures of affordable housing allocation are not derived from one departmental decision, but rather from a series of decisions across five public agencies in the municipal government. According to the officials’ description, the process starts with the acceptance of applications and the publishing of application bulletins in community committees. Then, the sub-district office reviews all applications based on the materials the applicants submitted. The Department of Civil Affairs further assists to verify the income levels, property assets, family size, and the other financial information of the applicants to check for any fraudulent information or misconduct. Occasionally, Tax Administration is also involved in this verification step depending on the tax records of applicants. A second review undertaken by the Department of Housing and Urban–Rural development focuses on the living conditions and housing space of the applicants. Finally, a decision is made based on the eligibility of the applicant and housing availability. These procedures are in accordance with the four-step law enforcement in the previous study (Zhang and Zou, 2011).

Moreover, the allocation decisions are eventually derived from the perceptions of each of the public agencies involved. Therefore, a vertical inter-government faction between the central and local government, and a horizontal inter-government faction among different departments within the local government both have significant impacts on the situation of affordable housing distribution. To cope with faction issues, improving communication and collaboration among these local agencies on the basis of organization theory is necessary and also expected by the research participants. However, the current processes (allocation mechanism) require community committees and sub-district offices to focus mainly on background information verification such as name, address, and household registration status. The Department of Civil Affairs and Tax Administration must also pay attention to income reviews or so-called means tests. The Department of Housing must likewise examine housing conditions and provide final decisions based on housing availability. The former four departments will not take their verification and review responsibility seriously because they are not responsible for the final decisions. On the contrary, a collaborative system will allow all of these public agencies to participate in the final decision-making, which would improve the efficiency of the allocation processes. Hence, joint bureau collaborations should be established within these agencies across the process of affordable housing allocation.

Ineffective monitoring system

To address the criticism about well-off groups acquiring affordable housing instead of actual eligible households, respondents proposed to establish an improved monitoring system, namely, a top-down level monitoring system, in addition to higher-level supervision. At present, the monitoring activities include routine examinations from upper-level housing departments and audit agencies that are mainly focused on evaluating the performance of financial investment or the construction progress on affordable housing projects. However, the allocation issues are not the primary concerns of these evaluations. Local residents are expected to pay more attention to the outputs of allocation to determine whether these subsidized programs are benefiting the targeted unprivileged families or not, instead of investigating the total investment.

As mentioned previously, from the perspective of the executive deputy director, affordable housing allocation should be transparent and monitored by local residents and social media. Multi-dimensional rather than one top-down dimensional monitoring systems must be established to hear opinions and reports from a variety of local resources. Public agencies can adjust their performance in distribution decision making to fulfill their public accountability.

An official of policy consulting also illustrated that this approach is an alternative way to improve performance in the processes of review and verification. Owing to faction, these departments do not have the power to evaluate and monitor one another. A multi-dimension monitoring system is expected to force them to consider public opinions and adjust inappropriate decisions because they are responsible for giving responses to the public.

According to the responses of two officials, an effective monitoring system would not be the traditional “top-down” evaluation, but a system involving residents’ opinions, public participation, or even the expression of interest groups. In this sense, to eliminate any fraudulent or rent-seeking activity, the public supervises the power and processes of allocation with the result of ensuring fairness and justice in affordable housing distribution.

Insufficient information sharing

To achieve transparency in affordable housing distribution, information sharing must be prioritized. Affordable housing allocation involves redistributive processes, and so local governments are bound to allocate based on fairness and equality. To fulfill this fundamental principle, information transparency and sharing systems should be the first steps to enforce.

Improvements in information sharing will also eliminate a crisis in housing availability and housing vacancy. As described by an official, some eligible households do not know how to apply affordable housing, while ineligible households apply for affordable housing and finally obtain approval. Information transparency would make housing information available and update the housing allocation, and thus the entire processes could be supervised by local residents.

Moreover, this information infrastructure also consists of the applicant’s information accessibility. Given the difficulty in obtaining and verifying the information provided by applicants, processing the allocation and distinguishing between eligible families and ineligible households is also difficult using the “means-test” such as that in Hong Kong. All verification and review procedures and final decision making have to rely on the materials submitted by the applicant, such as an income certificate and a living address. However, the bureau in charge of decision making is unauthorized to obtain access to these pieces of information for the further review of the economic status of applicants. This phenomenon is one of the reasons a large number of more affluent groups are able to acquire affordable housing. Furthermore, problems with information gave rise to long waiting lists and time-consuming applications, preventing applicants from obtaining basic social security in time.

Absence of legislation enforcement

In this category, most of the respondents focused on punishment for fraudulent information from applicants to discourage them from offering fake materials. Legal sanctions and penalties are an effective way to prohibit the fraudulent activities of applicants. At present, regulations and policy mandates are the only guidelines to enforce punishment if an

applicant violates the application rules, such as the “Administrative Regulations on Public Rental Housing” and the “Administrative Regulations on Cheap Rental Housing.” All interviewees proposed to strengthen the sanctions because the current punishment is weak or sometimes non-existent. According to the opinion of an official, some applicants considered affordable housing applications as speculative investment rather than a social welfare program to meet the needs of unprivileged local residents.

In addition to enhancing punishment, one of the officials proposed to establish an overall law that not only prohibits any misconduct from applicants, but also regulates inappropriate behavior from government officials such as fraud and rent-seeking activities. This official also mentioned that legislation is an effective way to clarify the responsibilities of each department involved and promote multi-department collaboration. The essential problem of the current allocation mechanism is not the lack of labor resources or departmental participation, but rather the absence of effective legislation to regulate the behavior of public agencies as well as applicants.

4. Discussion and Policy Implications

Based on the themes drawn from the interviews, we are able to determine the major problems (situations) with the current affordable housing allocation mechanism. In addition to financial and land supply issues, the four main issues are agency faction ineffective monitoring systems, the lack of information-sharing infrastructure, and the absence of legislation enforcement. This inductive research not only further evaluates certain arguments from previous studies, but it also organizes the main concerns about the institutional weakness of the system from government officials who are familiar with the current condition of this allocation system.

First, the establishment of legislation plays an essential role in enhancing the effectiveness of and justice in affordable housing distribution. Although a number of regulations, procedures, and measures have been introduced by the Chinese government, all of these were issued as administrative orders from the MOHURD at the central level and specific orders from housing bureaus or departments at the local levels. The regulation mainly aims to assist these departments in conveniently implementing higher effectiveness and efficiency, instead of explicitly manifesting their responsibilities and the housing rights of citizens. These public agencies have the authority to issue and modify these regulations. Hence, most of them, especially the agencies in municipal governments, are expected to make adjustments to reduce their working pressures on housing distribution, while barely paying attention to the demand of citizens and to equal outcomes. To cope with these concerns, a comprehensive law on housing and affordable housing issues must be established to stipulate the powers and responsibilities of government agencies, as well as the rights and obligations that every citizen has to comply with. Moreover, all administrative orders, including state uniform guidelines and local implementation plans, must be announced or modified in accordance with this comprehensive law. In addition to legislative branch participation, this law could provide legislative authorities with relevant agencies to implement sanctions and punishments, and thus prevent both applicants and officials from committing fraudulent activities. The strength of punishment can also be specified based on the principle of appropriation in the law, rather than at the convenience of local agencies.

Second, “turfs and fractions” among local agencies must be resolved to enhance affordable housing distribution. In China, two main genres of solution are proposed by different groups. One of the solutions that is favored by economists or scholars studying housing issues is to establish a joint-committee, including these relevant bureaus, to collaborate and work on the entire procedure of application and distribution. The remarkable benefits of collaboration include reducing the costs of communication and sharing the responsibility for housing allocation outcomes. Collaboration is also a popular solution and suggestion for dealing with bureaucratic fractions throughout the world. However, some officials proposed another solution instead of a joint-committee establishment. According to these officials, these types of joint-committee are common in the Chinese government. As a matter of fact, the major characteristic of these multi-department institutions is shifting responsibility rather than sharing it because of difficulties in responsibility clarification. The performance of these institutions is deteriorating, and they are discouraged from improving. Given this situation,

officials would rather take advantage of an implementation organization supplemented by a non-governmental organization, which is similar to the establishment of Hong Kong's institution. In this sense, the housing bureau (department) in local government would only focus on local policymaking and policy adjustment, or on planning. Meanwhile, another public institution would be in charge of affordable housing applications, reviewing applicant qualifications, and the housing distribution process. To ensure this institution's implementation, the institution would be authorized to conduct the means test and obtain access to the personal information database to process the entire application and allocation. In addition to supervision under the housing department, this organization would have the power to acquire extra information and give feedback to other related departments to improve justice and equality in affordable housing distribution. Meanwhile, as a public institution that directly gets in touch with applicants, this institution could also obtain opinions from targeted groups. Thus, the essential demands of applicants to help the local government in improving future housing policies and plans are reflected. According to this idea, establishing a public institution as a specific implementation organization to deal with application and distribution would be necessary. This approach reflects functional specialization but essentially enhances agency collaboration. Based on the officials' perspectives, the establishment of this specific public institution would be a more effective way to improve affordable housing allocation as well as the entire policy implementation in municipal government.

Furthermore, information sharing serves two main objectives. One is the internal information-sharing system among departments to eliminate obstacles in application review and verification, and the other is the external mechanism of encouraging public participation in terms of public hearing or social media supervision to improve the outcomes of housing distribution. For internal information sharing, one effective way would be establishing a personal income and asset account for residents in terms of department collaboration. Through this account database, evaluating the qualification of applicants would become easier. For example, an internal information system, which is already established in Shanghai and Guangzhou, is considered to be a milestone in housing distribution improvement. Although the efficiency of affordable housing distribution would benefit from the improved internal sharing system, the external information transparency mechanism also plays a significant role in maintaining justice and equality. Currently, the vast majority of residents are concerned about allocation mismatch because of the complexity in allocation decisions. Meanwhile, several officials disregard this criticism and consider these phenomena as individual events. To address the severe concern of local residents, allocation information transparency would be an effective way to regulate decision-making in housing allocation and eliminate the criticism of residents. Thus, the equality and efficiency in housing distribution depend on information sharing among departments and its transparency to the public.

Contrary to the traditional "top-down" monitoring system, social monitoring involves local residents and social media and is a more effective way to improve the performance of affordable housing distribution. Upper-level agencies have to pay attention to public expenditure and construction progress on affordable housing instead of the final allocation outcomes because these agencies are responsible for budgeting, transferring, and implementation performance. Most of the officials in these agencies are also unqualified to apply for affordable housing. In other words, they are unable to benefit from affordable housing distribution, and are thus reluctant to add more pressure on working and managing the later stages. However, the outcomes of affordable housing distribution have a significant influence on the interests of many local residents, who are enthusiastic to evaluate the performance of affordable housing allocation in the local government. Through combining higher-level supervision with monitoring from local residents and other interest groups, the allocation process and outputs could be monitored from multiple dimensions.

Based on the results, further internal correlations among these four themes are proposed. Legislative establishment, as a fundamental issue, places a great emphasis on affordable housing distribution. According to comprehensive law, the themes of information sharing and transparency, agency collaboration, and monitoring system could be further enhanced because the law provides the essential principles of enforcement. Moreover, information transparency exerts a tremendous impact on agency collaboration and monitoring systems. As mentioned by the officials, the main problem in collaboration and monitoring is the lack of information

sharing and transparency. Enhancing the system and infrastructure of information sharing is necessary to improve these themes and obtain better distribution outcomes. The last two themes, namely, agency collaboration and monitoring systems, appear to be the last stages in improving affordable housing distribution. The accomplishment of these two goals depends heavily on the improvement of legislative enforcement and information accessibility.

5. Conclusion

This paper provides in-depth information on current situations of affordable housing program in China as the efficiency and effectiveness of allocation are still severely criticized by the majority of residents. In addition to improvements in the nationwide policy framework, efforts made at the local level also have an essential impact, since the main responsibility of housing has been decentralized and shifted to municipal governments.

First and foremost is the faction among municipal bureaus in the process of affordable housing allocation. The entire procedure of allocation involves collaboration of five to six bureaus in order to eventually come to a final decision, while most of these bureaus, excluding the housing bureaus, are not responsible for allocation decision. These bureaus are unlikely to pay too much attention to the issues of affordable housing allocation but merely act as participants rather than decision makers. Moreover, these bureaus are horizontal departments in one municipal government and they are not responsible for each other but supervised by the local government and their upper-level departments. Therefore, this gives rise to a “turfs and fractions” situation within affordable housing allocation. To cope with this problem, a joint-committee of multi-agencies is one option to share the responsibility of the entire decision-making process of housing allocation; another option is to establish a non-governmental organization that is in charge of the overall implementation of affordable housing development.

The current monitoring system consists of supervision from higher-level departments, which is focused on inputs such as investment and new project construction rather than the outcomes of allocation efficiency and fairness. This “top-down” monitoring system may be a good way of guaranteeing local investment and the progress of construction, but it is not an effective way to supervise allocation. Hence, a multi-dimension monitoring should be introduced which relies on surveillance from local residents and public media.

Information is a critical element for affordable housing allocation, while the majority of the information associated with allocation is not available for the public or even the housing bureaus. The transparency of information for both local residents and housing bureaus would have a positive influence on the effectiveness and fairness of housing allocation. In this sense, transparency would be in two parts: internal information sharing among local agencies and information publicized for local residents.

Legislation is an overall project to ensure the effectiveness and justice of affordable housing allocation. In addition to specifying sanctions and punishment, a set of fundamental guidelines to enforce the entire process of allocation is necessary. However, there is lack of uniform and comprehensive legislative statutes to govern affordable housing allocation. The establishment of this legislation would not only be increasing punishment of any fraudulent activities, but also a legislative authority to ensure the fairness and effectiveness of affordable housing allocation.

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