

Study on Operation and Management Mode of Public Rental Housing in China, Taking Shanghai City and Chongqing City for Example

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Abstract Based on the introduction of the concept and Construction of public rental housing in China, this paper introduces the content, features of Operation and management mode of public rental housing of Shanghai city and Chongqing city. At the same time, it analysis of the public rental housing post operational management in institutional settings, with placement of rent, the rent pricing, property management, legal protection and other aspects of the experience and the advantage of the two models, and further analysis of the problems and difficulties in our country are related, and finally puts forward some solving measures to solve the problems.

Keywords Public rental housing, Operation and management mode

1. Introduction

Public rental housing is defined "a kind of affordable housing products", which is builded by the government, and its ownership belongs to the government or public institutions, and it is provided at a price that below the market rent prices for the sandwich layer groups, such as he middle-income families and low-income families, new job workers and migrant workers that meet certain conditions in the city. Chinese large-scale construction of public rental originated in 2010. In 2010 June, the seven ministries jointly formulated the "*guidanceon accelerating the development of public rental housing*". Then, public rental housing began to spread in the whole nation. For example, In 2010, 2011, 2012, China planed to complete the public rent housing 370000 sets, 2270000 sets, 2300000 sets. [1]

With the public housing gradually from the construction stage to operation stage, and to achieve the target that public rental housing can be service for the masses that have housing difficulties sustainably, circularly. So from the organization, with placement of rent, the rent pricing, property management and legal construction, building a sound and feasible operation and management mode of public rental housing has become a topic we need to discuss. By learning, summing up the ideas and methods of operation and management mode of public rental housing of Shanghai City and Chongqing city, which not only can provide the

basis for the local government on public rental housing management but also provide important theoretical support for the healthy development of the public rental housing. [2]

2. The Content, Features of Operation and Management Mode of Public Rental Housing of Shanghai City and Chongqing City

2.1. Operation and Management Mode of Public Rental Housing of Shanghai City: "Government Support, Social Participation, Market Operation Mechanism Used by Professional Institutions"

In 2010 September, the Shanghai municipal government promulgated "*implementation opinions about the development of public rental housing*" and also made provision for public rental housing system. According to the relevant provisions of this opinions, public rental housing operated by professional institutions in accordance with the market. In addition, according to Shanghai Municipal Government Office "*pilot opinions about the construction and management of unit rental housing*" (Shanghai Municipal Government (2009) No. 30) and other regulations: Continue to encourage qualified units (including economic park, technology park, industrial park and so on) to use their own land develop unit rental housing.

Public rental operators set up in accordance with relevant provisions of the company law and they have the qualifications of a legal person, adopting the market mechanism operation, making capital preservation profit as operation target, and focusing on the function of public

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services. [3] According to the notice *"implementation opinions about the overall construction merger operation, classification using of the low-rent housing and public rental housing"* of Shanghai city: (1) Investment policy: the city and district (county) governments can invest in operation mechanism and by the way of reasonable transfer or not to participate in the allocation of rental income or other ways to support and guarantee the operation mechanism so that continue to develop public rental housing. For example, the public rental housing in a separate location on state-owned land and on the focus of construction and the leasing of land as the government's investment and shares in accordance with the stock price. (2) The supply of rental: operation mechanism can use a variety of channels to raise public rental housing and the main channels are: ① Combined with the transformation of the old city, the adjustment of industrial structure, the municipal infrastructure construction, large residential community building projects to carry on the reasonable location and centralize building or construction; ② From the new, with the construction of economical and practical housing and indemnify housing; ③ According to the relevant provisions, comprehensive utilization of rural collective construction land, to focus on new construction appropriately; ④ Renovate or reconstruct the idle factories, warehouses, office buildings and other non-residential housing that because of the industrial structure of the city and structural adjustment; ⑤ Acquisition or agent idle housing stock, especially to actively explore the building orientation of investment in real estate development enterprises or institutions to provide housing. In addition, the application object mainly apply to the workplace location operators can also apply to the city's domicile operating agencies, implementing the "rent not buy, waiting supply" system. (3) Lease Management: tenants will be the signing of a lease contract with the operation management company, rather than with the government departments and the lease contract period generally not less than 2 years. The total lease period is generally no more than six years, at the same time, in the lease contract period, operators can not be unilaterally adjust the rental price. (4) The rental management: according to slightly lower than market rent to determine the level of public rental housing rental prices and specific procedures are property housing units authorized institutions of public rental housing management and public rental operation mechanism report to the competent pricing departments at the same level and housing management departments and operation mechanism carry out the plan after the report. (5) Property management: management by public rental housing operation management agencies or service outsourcing. (6) Supervision and management: public rental housing operations management agency under the supervision of the management of security housing management departments. [4]

2.2. Operation and Management Mode of Chongqing City Public Rental Housing: "Public Ownership, the Separation of Construction and Management"

In December 20, 2009, in the economic work conference, the Chongqing Municipal Committee made it clear that the large-scale construction of public rental housing is an important livelihood project. Through research and demonstration of a year, in 2010, Chongqing municipal government made the major decision is that Spearheaded and completed 40 million square meters of public rental construction in the next five years. However, Chongqing city combined with his own actual situation, the public rental housing is defined as: it is a kind of rental housing that oriented to the city employment without housing or families have housing difficulties and the government give policy support, limit the number of lease and size, Preferential rental prices and State-owned enterprises have property rights in the background of the housing market. [5]

Chongqing is a pioneer of public rental housing construction in our country, taking the "public ownership, the separation of construction and management" mode in the operation and management. In July 29, 2010, Chongqing municipal Party committee and Bureau Of Land Resources Commission held a ceremony to the public rental housing management bureau. Public rental housing management bureau is the main body of Chongqing City public rental housing management: it is a department established after repeated research by Chongqing Municipal Party Committee, Government and Municipal Committee. It is also a department that responsible for public rental housing specific construction schedule, the rent of the lease, the daily management and other policy responsibility. According to the *"Interim Measures of Chongqing Municipality for public rental housing management"* (Chongqing government made 2010) (No. 61) regulations, (1) Investment policy: public rental housing management bureau Study and decide to investment and financing measures of public rental housing construction fund. (2) The supply of rental: public rental housing management bureau published in public rental housing information network and the designated newspapers and periodicals for timely, such as house size, number, location, application time and other relevant information, and applicants applying by time period, the selected sites and the corresponding size. Finally, after the tenant's lease term up to 5 years, you can choose to apply for buying the public rental housing. (3) Lease Management: the minimum duration of the lease contract for one year, up to five years. Lease contract should clearly following: housing location, size, structure, ancillary facilities and equipment conditions; housing purposes and use requirements, lease term, rent and payment method, housing maintenance responsibilities, breach of contract and dispute settlement and other

conventions. (4) The rental management: rent standard of Public rental housing studied and decided by the market price department and other related departments. In principle, public housing rent can not be more than market rent 60% of ordinary commercial housing, which have the same lot, the same quality, same type and the rent shall be dynamically adjusted and Published once every two years to the community. (5) Property management: the housing authority that set up and commissioned by public rental housing management bureau is to responsible for public rental housing rent charged, the use of housing, housing maintenance and safety inspection, and to guide the work of the supervision of property service corporation. (6) Supervision and management: public rental housing management bureau have right to check of rental qualifications of tenant and tenant should cooperate with the inspection and if the tenant do not meet the conditions of qualification, their chance will be canceled. [6]

2.3. Advantage Analysis and Comparison of Two Kinds of Mode

Through the analysis of operational management experience of Shanghai city and Chongqing City we can see, (1) The institutional settings, Shanghai city utilize the social resources to establish professional organization management. In addition, public rental housing operation management agencies takes full closed mode of operation and specializes in investment, construction and management of public rental housing. [7] At the same time, government position on the operation mechanism returns is to protect the profit, which have public welfare to society. But the Chongqing city has set up specialized management institutions, mainly by the Public Rental Housing Management Bureau. (2) In rent management, Shanghai takes the form of waiting with rent and Chongqing City, use a way called "Yao hao" creatively but Chongqing mode to ensure low-cost affordable housing has been in the hands of the government and the government will be able to use part of the low-income as the operate subsidies, which conducive to achieving fiscal balance. (3) In the rental management, Chongqing city public housing has reasonable positioning and outstanding security functions and Chongqing public housing rents are determined for 60% of the market price, besides the audience is extensive and "social security" function is obvious. Relatively speaking, Shanghai city public rental housing threshold is high and position is not accurate and the rent level is high. For example, Shanghai public rental housing rent is determined to be flat or slightly lower than commodity residential level and the level of rent is about 40 yuan / square meters / month, substantially higher than 10 yuan / square meters / month in Chongqing. (4) Property management in Shanghai City, some operators mainly rely on their own professional management, and some take the form of outsourcing management, which have the characteristics of competition in the market, and further improve the efficiency of operations management. But

Chongqing city does not have these qualities. (5) In the aspect of laws and regulations, the two city are relatively lack, Chongqing city and Shanghai city are only issued public rental housing management practices and the corresponding implementation details currently. (6) In the supervision and management, the Shanghai public rental housing company is supervised by the Housing security and the Housing Authority, which greatly reduced the public rental housing company in order to private interests and rent-seeking in the process of management behavior and ensured fair operation of the public rental housing. [8] Chongqing government established public rental housing management bureau, for public rental housing with rent and operation management, and established of public rental housing information network and timely publish public rental housing construction situation, rental situation, and this way timeliness strong, information transparency. Therefore, public rental operation in other areas can not match the standardization and transparency of the information of Chongqing public rental housing operation. [9]

3. The Problems Still Exist in the Operation and Management of Public Rental Housing in China

3.1. Lack of Specialized Public Rental Management Agencies

In the construction of public rental of part of the city in our country, only Beijing and Chongqing have specialize agencies set up by the government and most of the other cities have not established similar specialize agencies. Distribution management of public housing scattered in National Development and Reform Commission, planning department, construction department, the housing commission and other departments and this kinds of multi-sectoral participation pattern leads many problems such as unclear responsibility and low decision-making efficiency, which is not conducive to the overall management of public housing.

3.2. Market Volatility of Pricing Standard is Obvious and Stability of Housing Security is Poor

Although the domestic and foreign rent standards are generally refers to the market rent to be determined, there also have some problems, mainly displays in two aspects: firstly, a lot of places in our country are proposed to consider some factors such as the level of market rents at the same place, tenants affordability, housing types and other factors when determine the rent level. But because each factor also have diversity and volatility, which resulting in reference to the market rent to determine public housing rents are lack of maneuverability. Secondly, in the background of macro-control of real estate, the city real estate prospects are not clear, easily lead to synchronous fluctuations in housing

prices and rental prices. In the two aspects of pressure, how should reflect the market volatility, but also ensure the stability of the public housing rent deserves further research.

3.3. Higher Operating Cost, Larger Loans Pressure

Public rental housing as a government assets, leased to a lessee by the way of goods. In order to guarantee the basic quality of residents, the government must continue to give investment funds for the subsequent use, repairing, updating, transforming of the public rental housing. A majority of cities public rental housing have made the property management fees as a part of housing rent or singly charged it, but taking the property management service only bear the daily repair and maintenance responsibility into account, along with the increase of house using time and the cost of the specialize agencies management, the government will also need to invest a lot of manpower, material and financial resources in order to maintain the use function of public rental housing in the future. Taking into account the construction of public rental housing cost not cover the land cost and in the case of public rental housing rented to the tenant at a level below-market and after deducting its operating costs, the government still face large loans pressure. Although many places put forward with commercial building for sale, government subsidies and other mitigation measures and in the operation stage still need the government continue to invest.

3.4. Public Rental Housing Lack of Community Property Management [10]

Property management is a link that in direct contact with the tenant in the operation and management of the public rental housing and is an important vehicle to build a harmonious society. If the property management problems are not solved, that will not only make the public rental housing community a "dirty and messy" situation, become the new slums but also accelerate the aging of house and prolong the recovery period of government investment, so that housing management and policy implementation will seriously affect the sustainable development of public rental housing. The implementation of property management specialization, socialization is consensus of the public rental housing management in cities. But in many cities, relevant laws and regulations, documents, rules of selecting dismissal and level of fees in property management without detailed provisions for service standards, which leads to potential problems for the future operations.

3.5. The Legal System is not Perfect [11]

Practice shows that, promoting housing security, focusing on legislation. To guide and standardize the behavior of economic subjects by law and Encourage these economic subjects and housing support service for overall objective of housing security to ensure housing security system implemented. However, public rental housing as a new protection products in China is still in its infancy stage and

most provinces and cities have not been established for public rental management system. Although some of the first pilot city has issued the "Interim Measures for the Administration", "opinions", "Rules", "Trial Measures" and other local government regulations, these regulations can not Systematic, complete, uniformly regulate various problems in the development of public rental housing and will encounter various difficulties in implementation.

4. Recommendations to Solve the Problems in Operation and Management of Public Rental Housing in China

4.1. To Establish and Perfect the Operation and Management Mechanism of Public Rental Housing [12]

Public rental housing system reform is a very complex project, involving many fields such as fiscal, financial, land, planning, urban construction and management system and operation mechanism is essential to the construction of public rental housing itself can run well. So each place should learn operation and management mode of public rental housing experience from developed areas and set up a special public rental housing management agencies responsible for the management of the qualification examination, with placement of rent, the rent pricing, property management and integrating resources in various departments, clearing responsibility main body, improving work efficiency.

4.2. Optimize Operation Process, Make the Process Transparent

Premier Li keqiang proposed affordable housing must adhere to the principle "fair distribution, the effective supply of public rental housing", and the fairness, publicity and justice of operation process is the basis of this principle. Strictoperational procedures, regulatory enforcement, transparency practices, completeness of system construction have a direct impact on the credibility of the government. In order to avoid the emergence of the phenomenon of "BMW cars, live in affordable housing", in the distribution of affordable housing, the government needs to construct a set of scientific and reasonable, closely cooperate system about the determination of eligibility, the term of the lease, rent, housing standards, supervision and the withdrawal mechanism, at the same time, standard operation procedure and operation behavior and through the actual operation of policy to reflect the fairness and impartiality of the management of public rental housing, and safeguard the authority of the policy.

4.3. Correct the Rent Pricing Strategy

Public rental housing rent "both to cover the costs, but also take into account the masses capacity". A set of effective

control system needs to meet five requirements "housing rent affordable, suitable for living, the term stability, the lessor has reasonable return, to prevent abuse of the legal protection". Some scholars believe that the public housing rent pricing should adhere six principles such as "suiting one's measures to local conditions", implementing the pricing difference, segmentation, meeting the special requirement, making ends meet, pushing forward carefully and steadily, focus on the priority groups, fairness and justice, optimal pricing procedure, timely adjustment and reflecting the dynamic changes. Therefore, in the process of making a price of public rental housing, the government should make full use of market information and analysis of payment ability of the tenant carefully and combine with the specific circumstances of the project to determine the reasonable rent and as far as possible use financial means or financing platform to implement the project investment subsidies or tenants rent subsidies and to ensure that the rent can not only reflect the market volatility but also reflect the security of public rental housing.

4.4. Innovative Financial Channels to Provide Financial Security

Public rental housing as a government investment project, the success of its operations on the basis that the government finances. But facing of heavy construction tasks of "Twelfth Five-Year Plan", relying on local government financial support solely is difficult to achieve. Although supported by the central government and financial institutions, but its lower rate of return on the PPP (public private partnership), REITS (real estate investment trust funds) and other social capital is difficult to form attractive. Therefore, only to seek other financing channels, broaden the sources of funding channels, raise funds effectively and can ensure the operation of housing security work long-term. Experience shows that the establishment of financial system of security the housing can provide strong financial support for housing security, which requires local governments to seek new sources of funding in the provident fund, insurance fund and so on.

4.5. Community Property Management Specialization and Socialization of Public Rental Housing [13]

In the latter part of the public rental housing property management, the provision of social and professional property management is the inevitable requirement to ensure its smooth operation. Properly handle the relationship between tenant and public rental housing holding agency and property management companies and clarify responsibilities and obligations of the them is the basis to ensure community harmony. In this regard, China can follow property management mode of Hongkong public housing, that is on the premise of entrusting property companies to implement professional management, setting up a special department in public rental housing management agencies to responsible for residential property supervision and management and establish a property management office in the community,

cooperative property service corporation working on public rental housing property management, cooperating property management company working on public rental housing property management.

4.6. Accelerate the Construction of Public Rental housing Regulations

The healthy development of the public rental housing cannot do without corresponding laws and policy support. Therefore, in the process of implementation of our country's public rental housing system, we should learn from developed countries or areas of mature experience and combine with the actual situation and establish a sound legal system in many aspects such as the access and exit mechanism, lease or sale, rights and obligations of the responsibility subjects, standards and procedures to strengthen the scientific management of public rental housing.

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