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C O N T E N T S

THEME:
Housing in South East Asia

Tenure forms, and
distribution
page 3

50 years of public housing in
Hong Kong
page 4-6

Japan says farewell to the
company society
page 7

Malaysia, Taiwan and
Singapore
page 8-9

Peoples Rep. of China -
between socialism and
market adjustment
page 10-11

Active and successful NGOs
in Thailand
page 12

Insert: Vietnam, to own or to
rent?



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Congress theme: Participation Across the Borders

So, will you attend the IUT congress in Birmingham in August? After having had a first look at the very comprehensive programme I am convinced that there is something for everyone.

As you are probably already aware of, this congress will be a joint TPAS / IUT event. Except for the formal part of the congress, the program offers a great variety of workshops, study visits and social activities. IUT members should have received the program by now, but if not, and for all other interested, the full program is available on the IUT website. The program also contains two forms for registration. But please, make sure that we, the IUT Secretariat, have your replies by May 6th. The sooner the better, as we have a limited number IUT seats and beds.

Participation across the borders, and looking across borders, are two essential abilities these days. Say, even though housing is not on the official political agenda of the European Union, many issues are debated and decisions are taken in matters such as; VAT on building material and management, competition, homelessness and standards. Will the EU structure funds open up for renovation and reconstruction of residential blocks? As is the wish from the ten accession states. And are tenant organisations to be considered as consumer organisations, and as such to be included in "Services of General Interest"?

And there are always other ways of doing things! In February I participated in an academic housing research conference in Hong Kong. Again I learned that there are other forms of tenure, other ways to finance housing and other ways for tenants to participate. In Singapore over 80 per cent of the population lives in, what they refer to as, public housing. The state owns the land, manufactures the building materials and constructs the estates. Then the state sells the flats to the residents, administers and maintains the buildings. According to a kind of self-cost principle. I am not saying that this is the right way, I am just saying that it's sure a different way. And I dare say that we all have something to learn from TPAS' way of effectively running a conference with 800 participants!

So I hope to see you all in Birmingham in August!



Magnus Hammar
Secretary General, IUT

Calendar

May 10: Conference on EU housing data and statistics, Brussels Belgium.

May 19-21: Toward Social Stability and Economic Dev. International Conf. on practical approaches to the Housing Sector development in transition countries. Sarajevo, Bosnia & Herzegovina.

May 20-22: Housing and Economy - Experiences and the Future. Warsaw, Poland.

May 25: International Neighbours' Day - Fête des voisins.

June 18-19: International Symposium on post-communist cities. Univ. of Illinois, USA.

June 26-29: International Housing Research Conference "Adequate & affordable housing for all – research, policy, practice". Toronto, Canada.

July 2-6: East Europe Housing: Growth and Regeneration. ENHR conference in Cambridge, England.

August 6-8: IUT Congress in Birmingham, England, also TPAS Annual conference.

September 13-17: UN Habitat: World Urban Forum, in Barcelona, Spain.

September 20-22: UN / ECE Human Settlements Committee 65th session, Geneva Switzerland

September 29-30: EU Social Housing Forum, Brussels Belgium

October 4: International Tenants Day / UN World Habitat Day

For more information: www.iut.nu_conferences



Mr Au Moon and Mrs Au, Tse Shiu, of Hong Kong.

A multitude of tenure forms in South East Asia

It is a delicate task to try and characterise housing in south East Asia. As for many other characteristics on the state of things, images of housing become stereotype and antiquated. If you visited Beijing ten years ago, you probably will feel lost if you return today. Housing construction is booming in most mega cities in South East Asia, and they all seem to compete with Manhattan. Urbanisation is rapid; sons and daughters of farmers leave their homes for an expected better life in the cities. Not all, but most of them end up renting poor accommodation or squeeze in with others. And millions end up in squatter settlements, on dumps, under expressways and along railroad tracks.

But there is also a growing well educated middle class, which attracts American, Australian and European manufacturers of especially high-tech goods. And, as elsewhere,

these people prefer homeownership. But on the other hand, in cities where land is very limited, as in Tokyo, Singapore and Hong Kong, the public and rental housing sector is substantial – nevertheless with very different designs. Over one third of the households in Tokyo rent their flats, mainly from private landlords. Also, housing provided by the employer still contributes to the multiplicity of tenure forms.

Hong Kong may perhaps be the only city in the region that has a housing policy that resembles those in Europe, the US and Australia – which of course is a legacy from the 100 years of British rule.

Housing and population censuses have been carried out quite recently in most countries. The figures are there, which can to some extent serve as material for comparison. But unfortunately there is no column for “homeless”.

Tenure forms, and distribution (per cent of total stock), in South East Asia.

Country	Owner occupied	Rental, total	Public/municipal rental	Private rental	Employer provided	Others	Year
Taiwan ¹	9	12	3	9	6	3	2000
Singapore ²	20					80 ³	2003
Hong Kong ⁴	56 ⁵	44	31	13			2002
Philippines ⁶	41 ⁷	4				4 ⁸	1990
Malaysia ⁹	85	13	7	6		2	1998
Vietnam, Hanoi ¹⁰	78	22	15	7			2001
Thailand ¹¹	82	18				5	2000
Bangkok ¹²	54	41					1998
China, Peoples Rep. ¹³	47	46				7 ¹⁴	1996
Japan ¹⁵	60	34	7	27	4	2	1998
Macau ¹⁶	76,5	18,9			4,6		2001
Korea, rep of Seoul ¹⁷	41	16				41 ¹⁸	2000

¹ Census 2000

² HDB, Singapore

³ 80 % referred to as public/municipal housing, of which 94 % is owner occupied and 6 % is rental housing.

⁴ Hong Kong yearbook 2002

⁵ of which 28 % (2000) was private rental.

⁶ 1990 Census. 51 % is referred to as countryside housing being amortized

⁸ being occupied for free, with consent of owner

⁹ UN Human Settlements Indicators.

¹⁰ Asian Dev. Bank 2001

¹¹ Census 2000

¹² Statistics Norway, 2002

¹³ Source: 1996 Survey

¹⁴ 4,1 % free housing, 3,5 others

¹⁵ Housing and land Survey of Japan, 1998

¹⁶ Census 2001, DSEC, gov.

¹⁷ Korean National Statistics Office, Census 2000

¹⁸ so called *jonsei* housing (rented housing on deposit basis)

50 years of Public Housing in Hong Kong

Text and photos: Magnus Hammar, IUT

In Hong Kong public housing provides accommodation for 49 %¹ of its 7,5 million people. The Hong Kong Housing Authority (HA) is the biggest housing developer in Hong Kong and probably the largest single landlord in the world. HA owned and administered some 634 000 flats in 2003.

Over the past 50 years, the development of public housing in Hong Kong has been a pillar that has supported and accompanied Hong Kong's dramatic transformation from a backwater commercial town to a thriving, modern world city. Many are those who attribute this success story to the role of public housing.

Fire spurred public housing

It all started on Christmas Day in 1953. A disastrous fire had swept through the Shek Kip Mei squatter area leaving 53 000 homeless. Others fire ravaged the densely populated Kowloon and by December 1954 about 100 000 people, or 1 in 20 of the urban population, had been made homeless. As an emergency measure, the government built resettlement blocks nearby to rehouse those affected by the fire. Apart from new fires the British also feared the spread of epidemic diseases and rebellious movements.

There are still a few H-shaped blocks left from the 1950's, called Mark I and II. By 1964 about 500 000 people had been rehoused. These H-shaped 6-story houses had, and some still have, 11 m² rooms placed back to back on the long arms, with no amenities. The houses have external galleries. Flush latrines, running water, laundry and showering facilities were provided on the cross piece at each level. These 11 m² rooms, called cubicles, accommodated 5 adults. Cooking was done on the access corridor outside the door.

Through the five decades, public housing has improved and today public housing standards comprise an average floor area of 43 m² for a 2-bed room flat and with air conditioning and all other conveniences.

Public Housing Production by the Housing Authority is



estimated for 2003/04 to 15 100 public rental housing units and 4 900 units to sell under the Home Ownership Scheme, HOS²

Queuing

Flats are allocated in accordance with the order of registration and applicants' choices of district. Applicants are required to satisfy comprehensive means tests (covering income and assets), and not to own any domestic property. The average waiting time for the applicants to be allocated with public rental flats in the year 2002/03 was 2.3 years. The monthly income limit and asset limit for a 4-person household is HK\$14 600, or 1870 US\$, respectively 380 000 HK\$, or 48 700 US\$.

Beijing promotes homeownership

In 1978 the first batch of flats was offered for sale, under the HOS. Price discount was as high as 50 % of the market value. The Scheme was especially popular between 1985 and 1997 when profits were very high. Risks are shared between the new owners and the Housing Authority, HA, as there is a buy-back arrangement, today for two years. When recession hit Hong Kong real estate in 1998/1999, 1541 flats were sold back to the HA. In 1998 the new Chinese government launched a scheme to sell about 25 000 flats every year for 10 years. The general reception has been mixed. In the first offer of 27 000 flats, the take up rate was only 74 %, notwithstanding an 88 % discount of market value! Ownership rate increased from around 30 percent in 1982 to 52 percent in 1997.³

In 2003 the rate of homeownership was 56 %⁴. The target set by the government is 70% by 2007⁵.

Participation

There has not been a great deal of participation from the Public Housing tenants during the years. Interaction between the Housing Authority, HA, and the tenants has been indirect or passive, e.g. publication of news on the Internet by the HA. However, in 1995 a new advisory mechanism was established with the Estate Management Advisory Committees, EMACs, with members from the residents. In 1997 EMACs were established in all public housing estates. Also, in some estates, concerned tenants have formed residents associations, to serve as more active links between the tenants and the HA. One example of this is the Choi Hung Estate Residents Association, which represents about 21 000 tenants in almost 7500 flats.

Representatives of the Choi Hung Estate Residents Association, led by Mr Lua Ka Wah, far left.

Ms Virginia Ip Chiu Ping is Chief Secretary of H.K. Peoples' Council of Housing Policy.

¹ comprises of public rental housing and flats under the Home Ownership Scheme

^{2,3,4} www.housingauthority.gov.hk

⁵ Source: Housing Authority Corporate Plan 2000/01



Shek Kip Mei Estate, Mei Ho House



Mrs Ho and two elderly ladies outside their Mark II house in Shek Kip Mei Estate, Kowloon

Hong Kong public tenants won in judicial review and Housing Authority will lose rental revenue of almost HK\$ 3 billion⁶ per annum

By Professor K. Y. Lau

About 32% of Hong Kong's population of about 7 million people is housed in public rental housing. The Hong Kong Housing Authority is one of the largest landlords in the world providing over 640,000 public rental units for 600,930 households in Hong Kong, as of 31 March 2003. The other social landlord is the Hong Kong Housing Society, which is relatively small in terms of its rental housing stock, about 31,000 social rented units.

In this short report from Hong Kong, the controversy over public rent review and the demand of tenants groups will be highlighted.

One figure – two interpretations

With the assistance from the Alliance to Protect Grassroots' Housing Rights, two public housing residents in Hong Kong applied in late 2002 for judicial review over the Hong Kong Housing Authority's decision of not reviewing rent in accordance with the Housing Ordinance, which was amended just before UK's handover of Hong Kong sovereignty to China in 1997. The amendments introduced, among other things, that the rent determined shall be of such amount that the median rent to income ratio shall not exceed 10%.

These two public housing tenants claim that since 1997,

the rent of public housing units cannot exceed the 10% statutory ceiling, whereas the Housing Authority contends that the ceiling is only applicable when there has been a determination of variation of rent.

The amendment came into effect on 13 March 1998. Since that date, the Housing Authority further argues that there were on several occasions announcements of an increase in the rent of public housing for different housing estates/blocks but simultaneously announced that the increased rents be waived for one year. Since then, the Hong Kong Housing Authority several times have announced on the extension of the rent increase waiver for one year. In a press release issued in January 2002, the Housing Authority admitted the median rent to income ratio (MRIR) has exceeded 10% and that the MRIR exceeded 10% since the second quarter of 2000.

In mid July 2003, the Court of First Instance in Hong Kong ruled in favour of the tenants who submitted the applications for judicial review, so the rent ceiling of MRIR at 10% should be abide by.

The Court further issued Orders to direct the Housing Authority to review and determine the variation of rents of the batch of Public Rental Housing (PRH) units. If the Court

⁶ approx. 385 000 000 US\$



Busy seafood market

Order of reviewing rental charges for 547,000 PRH units (about 86% of all PRH units) is to follow so as to bring down the MRIR from 13.8% to 10%, a 32% rent reduction on these 547,000 units will be necessary.

Rents increase, and vary a lot

A PRH unit of about 10 m² for one-person household in a 37-year old urban public housing estate only costs HK\$ 241 per month while a PRH unit of 60 m² for a four to five-person household in a newly completed urban public housing estate would cost HK\$3,810. Currently about 60% of PRH households pay less than HK\$1,500.

Better-off tenants are required to pay higher rents. Public housing tenants facing temporary financial hardship may apply for a 50 per cent rent reduction. Public housing tenants pay, on average, 44 per cent of the assessed market rent (inclusive of rates) for the flats they live in.⁷

Several factors have had affects on the increased rents

Firstly; the negative impact of the Asian Financial Crisis on

⁷ Source: Hong Kong Yearbook 2002

the Hong Kong economy has resulted in a higher number of welfare benefit recipients living in public rental housing. Secondly; space enjoyed by tenants has also increased from 8.8 square meters to 11.3 square meters. Thirdly; about 200,000 well-off PRH households have left the social rented sector and became home-owners through various subsidized housing assistance schemes in the ten-year (1993-2003) period.

As a result of this, it is understandable that the rent-to-income ratios of many lower-income PRH households will be higher and hence pushed up the overall MRIR in the PRH sector. Finally; the increase in the proportions of elderly households and small households – one-and two-person households, from 9% and 20% in 1995 to 14% and 31% in 2003

Dr Lau is Associate Professor at Department of Public and Social Administration, City University of Hong Kong, Kowloon, HONG KONG



Japan says farewell to the company society

The housing system in Japan after the World War II has been focusing on the creation of a social mainstream. Since land and housing prices rose rapidly, owning a house became an effective means of acquiring an asset. Many people climbed up the housing ladder from rental accommodation to an owner-occupied house. The housing system which produced the social mainstream was supported by state, market, family and occupational welfare systems. The central government encouraged middle-class families to obtain their own homes by providing them with low-interest loans.

Japanese society has been called a 'company-society' where many companies have adopted lifelong employment

and a seniority system for promotion and the payment of wages to form the models of 'the company as a community and 'the company as a family'. Large corporations have supported their employees in acquiring housing. In the 1990s more and more companies started to unload employee-housing properties and to abolish internal housing-related systems. Many employees have begun to lose their place on the housing ladder which used to be reinforced by their companies, and especially elderly people are hit by this change. The level of public pension, social service and public medical security for old people is low and elderly people are often rejected as tenants in private rental housing.

Tenants in Tokyo

By Mr Kazuo Takashima

Rental housing represents over half of all modern dwellings in Tokyo; 10 per cent public rental housing and 42 per cent privately rented dwellings. Most newcomers in Tokyo go to private real estate agencies to find accommodation. Soon enough you will find out that you need to pay various kinds of fees; key money, a deposit, and a service charge fee. These fees usually add up to an equivalence of more than 5 months rent! Moreover, every two year when the contract is renewed, a renewal fee of 2 months' rent is demanded for.

Most of the tenants complain of the high housing expenses as well of the small floor space. Japanese standards say that a family household with children needs at least 3DK (Three rooms, which also includes the bathroom) of about 55 m². In 1998, the average floor space of the privately rented houses in Tokyo was only 33 m². No wonder that noise from neighbours and lack of soundproof equipments often top the list of complaints from residents in Tokyo.

Rents in Tokyo

The average rent for a flat of 55 m² averages from 1,091 to 1,448 US\$ per month, not including heating and other services. A nurse in Tokyo may earn about 3 900 US\$, a teacher 4 500 US\$ and a mechanic up to 5 850 US\$. Rent to income ratio is presently 27.3 %, in Japan.

About 60 percent of low-income households in Tokyo live in privately rented accommodation, and 40 percent of these belong to households with less income than 3 million yen (approximately 28 000 US\$)¹. 40% of the low income households live in the flats, or in the collective rented housing units, with a floor area of less than 45 m². The low-income group consists mainly of students, young single workers, single old people and foreign workers. Most of them live in the old, often decrepit, wooden flats hastily built after World War II.

Mr Kazuo Takashima, President of Japanese Tenants Association, JTA.



Access to public housing

Tokyo Metropolitan Government stipulates that the applicant's income shall be under the fixed yearly income, today 47,364 US\$. Eligible applicants are then allocated a flat through the drawing of lots!

In May 2003, about 38 000 people were queuing for a city owned public rented housing unit, but only 9 000 people were able to obtain a flat.

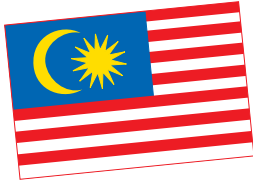
Recently, there has been frequent news about landlords who do not repay the deposit, finding a pretext of demanding repairs. In February, Tokyo Metropolitan Government announced increased supervision of landlords and agencies. But it doesn't seem to me that the measures make much effect.

Tenure in Japan, 1998: Ownership: 60 %, public rented housing (government, municipal and corporations): 7 %, Private rental: 27 %, employee housing: 4 %, others: 2 %.

私達は、「住まいは人権」の理念のもとに、借地借家人の権利と利益を守るため活動している非政治的民間団体です。現在、我国で唯一国際賃借人連合への加盟を認められています。本ページは、弱体な借地借家人の強力な味方としてアドバイス、必要知識、情報提供等の支援および本会運動へのご理解を目的に開設しています。

English: "Housing is a Human Right." We, JTA, is a non-political organisation, safeguarding tenants' rights and defending their interests. JTA is the single member of IUT in Japan today. Welcome to JTAs' website: <http://www2.ttcn.ne.jp/~jptaa/>

¹ Average yearly income in Tokyo was 74 000 US\$ in 1998



Malaysia

Prior to Independence in 1957, the concept of public housing was known as “the institutional quarters.” Under this concept, the British administration provided housing facilities for the upper-class British employees who worked in public institutions such as schools, police stations, hospitals, and district offices. In 2002 a new Public low-income housing program was launched. Officially, this program was targeted specifically towards urban poor households, with incomes below 400 US\$ per month.

As in any big city in the South East Asia region, homeless and squatters inhabit the dumps, roadsides and other vacant plots where they can settle down. Usually lowly-paid workers and labourers live with the fear of being evicted from their cramped houses, many of which lack proper sanitation and drainage. They also cope with flash floods and fire risks, and social ills from alcoholism and domestic violence.

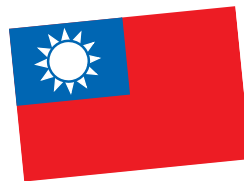
Approximately 150 000 squatters in the capital of Kuala Lumpur are currently being threatened by eviction through the governments plan for a “Squatter free city”! In 2000 the government ingeniously renamed the UN Habitat slogan “Cities without Slums” to “Squatter free City” and vows to clear all squatters and long houses from Kuala Lumpur by 2005. Primarily through relocation to government built high rise blocks of subsidised rental flats.

Since 1982 the governments’ policy has been to privatize the provision of low income housing by requiring developers to devote 30 % of their projects to low-income residents, as a social obligation. Tax breaks and profits from selling commercial space etc. are supposed to cross-subsidise the cost of building and then selling low income units to evictees.

Tenure, 1998¹: Owner occupied: 85 %, housing owned by the government: 7 %, private rental: 6 %, squatter housing: 2 % (official figures)



Sampan ferry in Kuching, Sarawak, Malaysia. PHOTO: BJÖRN KELLER, BILDHUSET



Taiwan

Direct state provision of housing in Taiwan started in 1949 when the Nationalist (KMT) government retreated from Mainland China to Taiwan and carried with them tens of thousands of government officials, veterans and their families. Over the years public housing became unpopular and run-down and the vast majority of the stock, about half a million state owned dwellings, has since then been privatised. In 2000 there were less than 5000 public housing units. Contribution of the publicly built dwellings to the total housing stock is also almost insignificant. State intervention is low in Taiwan. Private housing developers enjoy more freedom

and face less competition from the state sector than their counterparts in other Asian Tigers. For instance, unlike in Hong Kong where state monopolises land supply and in Singapore where the powerful Land Acquisition Act enables the state in effectively controlling the supply of land, lands in Taiwan are privately owned.

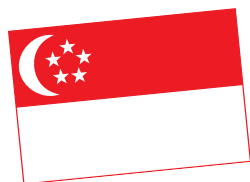
Tenure, 1997²: Owner occupied; 85 %, private rental: 9 %, employer provided housing: 6 %. Public housing constituted only 3.2 % of all owner occupied and 4 % of all rental dwellings in 2000.



HDB constructs, sells and maintains

The HDB is supported by public funds, yet is essentially a private developer. HDB is responsible for all aspects of the public housing programme except for the fixing of the sale and rental prices of the housing units, which is undertaken by the Ministry of National Development. HDB also keeps the cost of production low, as they also manages, and produces its own materials required for construction. HDB is not only a provider of low-cost housing, it also provides commercial and industrial premises as well as recreational, religious and social facilities in its housing estates. Additionally, a number of laws since the 1920's regulate the price of land in this very densely populated country, 6000 people per km² - second in Asia only to Hong Kong.

Since 1982, only one- and two-room HDB flats have been available for rental to eligible tenants. And from 1985, public housing tenants with household incomes of less than 800 SGD (470 US\$) have been given various financial concessions to enable them to purchase public housing. To discourage rental of public housing, the head of the household must be over 29 years of age before that household can apply for rental housing. The HDB no longer builds rental units and satisfies the declining demand for rental units through vacated rental flats. It has been the government's objective to increase ownership of public housing to achieve a fully home-owning society by the end of the century.



Singapore

where owners live in public housing³

Public housing in Singapore is a paradox that embodies both the free-market and the socialist system.

It does not strictly subscribe to either the paradigm of socialist states where housing is viewed as a right and entitlement which is the state's responsibility to provide for, nor that of free-market systems where the market is allowed full reign in the housing sector.

Since 1960 the main vehicle for implementing the public housing policy is the Housing and Development Board (HDB)⁴. Between 1960 and 2000 be-

tween 867 000 high rise housing units have been constructed by the public sector, the HDB. In 2000, 86% of the population owned or lived in a HDB-developed flat, 90% of whom own the 99-year leases on their subsidised homes. So, these 86 % do not live as tenants, but as owners. In short, the government constructs flats which are then sold. Before signing a contract, the sale must be approved of by HDB. First time buyers' gross monthly household income must not exceed 8000 SGD (4750 US\$, or 950 Euro). They may not sell their flat before five years has elapsed. If so, the flat must be returned to HDB.

Tenure, 2003⁵: Public sector built housing: 80 % (94 % owner-occupied and 6 % rental), private housing: 20 %. Of the total number of dwellings, almost 94 % are in high-rise buildings.

¹ UN Human Settlements Indicators

² Executive Yuan, 1999.

³ Source, mainly from UN Development Programme / TCDC

⁴ <http://www.hdb.gov.sg>

⁵ HDB

People's Republic of China



The state still subsidises housing to a large extent and most urban Chinese still enjoy very low rents, seldom more than five per cent of household income. But things are moving fast and this year in March, the Housing Department said that they want to scrap rent limits!

Housing tenure in urban China has experienced a zig-zag path in the past 50 years because of dramatic changes in ideology and political economy. It has changed from mostly private rental housing in the early 1950's, to virtually all public rental housing after the Socialist Transformation (1956–66) and the Cultural Revolution (1966–76). The housing reform in 1988 encouraged private housing and homeownership, which was a complete reversal of the housing policies from the Socialist Transformation and the Cultural Revolution.

Housing reforms in the 1990's, granted households a certain degree of freedom of housing choice. Today, work units

(employers) are gradually giving up responsibility for housing provision and substituting in-kind subsidies with monetary rewards through higher wages because of the large financial burden involved in providing subsidised housing.

Money couldn't buy better housing

Little new housing was built between 1950 and 1980, and although more urban housing was erected between 1980 and 1985 than in the previous thirty years, housing remained in short supply. Entire families often lived in one room and shared cooking and toilet facilities with other families. Young people were expected to live with their parents at least until

Old and new residential areas in Nanjing. PHOTO: FELIX OPPENHEIM © BILDHUSET



marriage. This was consonant with traditional family patterns but was also reinforced by the shortage of housing. The pattern of long-term residential stability and great pressure on the stock of available housing meant that city neighbourhoods were less stratified by occupation or income than those of many other countries. Not only were incomes more egalitarian to begin with, but more money could not buy a bigger or better equipped flat. Managers and technical specialists lived under much the same conditions as manual workers, often in the same buildings.

By the 1980s both the public and the government recognized the burdens on urban households. After 1985 more money was budgeted for housing and such municipal services as piped-in cooking gas. But state encouragement of the private or collective service sector had greater effect. Unemployed urban youth were permitted and sometimes advised to set up small restaurants or service establishments. Peasants were permitted to come into cities to sell produce or local products. Municipal authorities seemed to ignore the movement of substantial numbers of rural people into the urban service sector as peddlers, carpenters, and other skilled workers or, occasionally, as domestic workers.

Housing in socialist China¹

In socialist urban China, housing was considered a welfare benefit such that both employers and the state had the responsibility to provide subsidised housing. While employers (work units) paid low wages to their employees, they had to provide subsidised housing.

The allocation of housing was based on a queue system with those who have close relationships with the work unit listed at the top. Job rank and job seniority served as the indicators of the relationship between employees and work units. People with higher job rank and job seniority were more likely to access public housing and rental was the only possible tenure. The state had two roles in the housing system. First, it provided housing investment to work units who then developed housing for their employees. The allocation of housing investment was based on the importance of work units to the national economy, which was indicated by the administrative rank of work units.

China today and the choice of tenure²

While a housing market is emerging, the socialist forces in the housing system, such as the housing subsidies by work units, persist. It is this side-by-side combination of market mechanisms and institutional forces that creates the transitional nature of China's current housing system and sets a unique context within which households make tenure choices.

Urban households in China, who had few housing choices but to wait for subsidised rental housing in the socialist era, now have choices regarding both housing type and tenure. On the one hand, sitting tenants of public housing are given the option of either paying an increased rent or buying their current flats at subsidised prices.

Real change came in 1994, when the government called for the "housing accumulation funds" to be established. The new policy obliges an employee to deposit 5 per cent of his

or her monthly wages into the fund as set up by his or her work unit, while the employer contributed an equivalent amount. With the fund as the guarantee, the employer or employee may apply for bank loans to build or buy homes.

Low wages still demand low-cost housing³

But still, work units continue to expect interdependency between employees and employers, characterised by employers' responsibilities of providing cheap housing, stable employment and other services in exchange for employees' low wages, lifetime contribution and loyalty. Employees are unwilling to give up their 'right' to subsidised housing under this mutual agreement, which in turn imposes pressure on employers to continue their responsibility for cheap housing.

Even though the state no longer provides new housing directly to households in the transitional era, it still affects households' tenure choice through its housing policies. The freedom of tenure choice is limited. Sitting tenants of subsidised housing are given the choices of continuing renting or owning. But it is only limited to their currently occupied flats, with no tenure choice for other units within or across work units.

A private rental market virtually does not exist. In recent years, home-owners in some cities have been allowed to lease part of their housing after they get the permission from the local government. Some renters of public housing also sub-lease their housing on the black market.

Tenure and rents

Housing reform in urban China has not only significantly increased per capita living space from 3.6 square metres in 1978 to 9.3 square metres in 1998, but it has also changed the structure of housing tenure. According to surveys in 1996⁴, about 47 per cent of Chinese urban households owned their homes and another 46 per cent rented their homes. The rate of home-ownership also varies significantly across cities. It ranges from 3.3 per cent in Hongshan district in Wuhan City, to 90 per cent in Dongbao district in Jimeng City.

In 2001, the rent for a 2-bedroom flat in public housing in Beijing would cost just 2 US\$ a month and on average, only 4% of a family's total income was spent on the rent⁵.

In September 2002 the government moved to stabilise the then ailing property market and suspended the sale of public rental units and Home Ownership Schemes units.

Scrapped rent limits?

Things move fast in China. In March 2004, the South China Morning Post reported of a paper submitted to members of the Housing Authority, where the State Housing Department stated that a "a fair and sustainable rent policy was only possible if the limits on rents were scrapped".

^{1,2,1} Source, by permission: Housing Tenure in Transitional Urban China, a Multilevel Analysis, by Y. Huang and W. A. V. Clark, Urban Studies Journal 2001.

⁴ 1996 national survey.

⁵ AsiaWeek.com 2001

Active and successful NGOs in Thailand

More than 40 percent of Bangkok's residents rent their dwellings.

“Thai housing situation is characterized by very poor legislation, leaving most of the tenants to themselves. And the cities offer very little protection. This situation serves a lot of middlemen who make big profits”, says Ms Samsok Boonyabancha, Director of both ACHR, Asian Coalition For Housing Rights, and CODI, The Community Organizations Development Institute.

In Thailand CODI has been at the forefront, promoting community organisation among squatters and tenants in poor neighbourhoods. The organisation is governed by a mixed board of representatives from poor communities, NGOs and the private sector as well as from the government. The philosophy has been that only by organising and creating networks, can exposed settlements be strong enough to face eviction or shock rents. To be strong you also need money. Providing loans at low interest rates to local community groups and networks, is therefore an important part of CODI's work, as is advising local communities on how to deal with strong and persistent landlords.

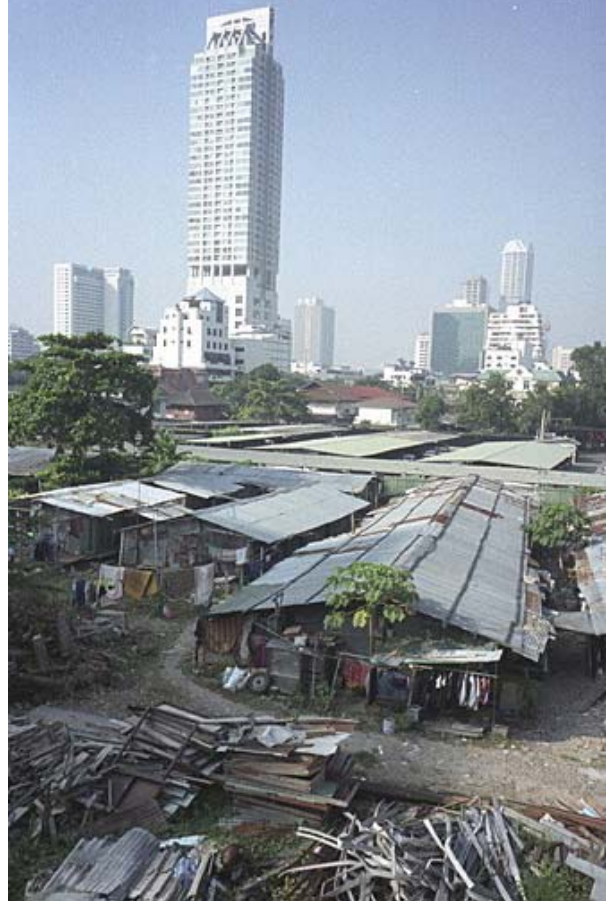
New flats for the poor

A few years back some of the squatter communities, who used to live under traffic bridges in Bangkok, joined forces and formed the Under-bridge Community Network with support from two housing NGOs. The network started savings groups, surveyed the city's under-bridge-settlements and negotiated for electricity and water connections, and then for resettlement. As part of the landmark agreement, the government bought land elsewhere and CODI provided housing loans, allowing families to build their own houses using cost-saving building ideas. Now CODI, being a public institution, supervised by the Ministry of Finance, has been offered a major loan for 1000 million Bath, or US\$ 25000, under a housing programme called Baan Mankong¹. The loan is intended to help build low-income housing in 50 Thai cities.

“Now that the government does what it can, we have to do our bit”, says Ms Boonyabancha, stressing the importance of safeguarding that the new inexpensive flats are allocated to the poor.



Ms Samsok Boonyabancha



A wide range of accommodation

The lack of low-income housing is certainly a major problem in most Thai cities. But for those earning just a little bit more, Bangkok can offer very reasonable housing for people whose wages start at 4000-5000 bath (US\$ 50-100) a month, according to Tom Kerr at ACHR.

Unlike Manila, Jakarta and other major cities in South East Asia – where it's almost impossible to find small, simple, affordable renting in the formal sector, and where 50 – 60 per cent of the urban population live in the slums – Bangkok can offer a wide range of so called “apartments”, many of them situated in narrow alleys of the major roads. These apartments are often very small, one-room residential units with attached bathrooms, but no kitchen. They range from the very basic, small rooms with no fan or air condition for 1000 to 2000 bath (US\$ 26-52) a month to bigger and fancier ones for 5000-7000 bath (US\$ 130-182).

Most of these apartments, even the very basic ones, have a balcony, where people can hang their clothes to dry or where some set up little make-shift kitchens. And with a very restricted living space, most low-income tenants tend to eat outside.

“As the city of Bangkok is so lavishly equipped with delicious and clean and cheap food, this is actually a practical thing”, adds Tom Kerr.

So even if the major part of the capitals' poor lack decent living conditions, the picture is not entirely black.

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¹ More information on http://www.achr.netbann_mankong.htm