

# **The Speech at the African Ministerial Conference on Housing and Urban Development**

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Your Excellency Vice President of Kenya,  
Your Excellency Madame Anna Tibaijuka,  
Your Excellency Minister of Housing of Kenya,  
Your Excellency the representative of EU,  
Honourable Ministers and Vice-Ministers,  
Your Excellency the representative of EU,  
Distinguished delegates,  
Ladies and Gentlemen,

First of all, on behalf of Ministry of Construction of China, I would like to congratulate on the success opening of the African Ministerial Conference, and I'd like to express my gratitude to Madame Anna Tibaijuka and the Conference for your invitation.

It gives me great pleasure to attend the African Ministerial Conference on Housing and Urban Development, where I would discuss human settlement development issues with the counterparts and experts from all around the world. I would very much like to take this opportunity to give a brief introduction on the several approaches China has made for upgrading the living conditions and solving the housing issues of the medium- and- low-income families.

## **1. The basic conditions of the housing development of China.**

China has faced serious housing shortage for a certain period of time. For the last 20 years, we have developed new housing solutions in the social and economic reform. Experiences have been accumulated for the urban housing system reform and rural housing construction for the farmers. A housing development way suitable for the Chinese conditions has been formed due to the strong support and systematic guarantee from the government.

Entering the 21 century, the annual urban and rural completed housing floor area has reached 1.3 billion square meter, among which 500-600 million square meter are completed in the urban areas. The annual increase of housing investment has topped 19.8%. In 2005, with the fast growth of urban population, the quality, the function, and the comprehensive supporting facilities of urban housing construction projects have been distinctively improved, and the living conditions of the citizens have been greatly accelerated. The per capita urban housing floor area has increased from 7.2 sq m in 1980 to more than 26 sq m in 2005. More than 95% of the newly built commodity houses were purchased by the individual buyers. The market has



become more and more important in the housing resources distribution. In 2005, the popularisation rate of running water in urban areas has reached 90.2%, and 48.4% of sewage treatment rate, and 33% of the urban afforestation rate, with 26.3, 14.1 and 4.8 percent increase respectively. The popularisation of natural gas and domestic garbage treatment rate has reached 82.9% and 54% respectively.

A One House for One Household policy has been implemented in the rural areas of China. Farmers would apply for the house site in rural areas from the collective economic organizations to build the house of their own. Long with the economic growth in the rural areas, the farmers' income has increased remarkably. Chinese rural housing system has experienced three major waves in the early 1980s, the early 1990s and the early 21 century. Every year, two percent of farmers use their house site to construct new homes, 60% of which is apartment building. The rural per capita housing floor area has increased from 9.4 sq m in 1980 to more than 29 sq m at present. More capital has been invested in the rural and public infrastructure construction by the central and local government. Larger villages have received comprehensive management. The living condition and environment of the farmers have been remarkably accelerated.

In all, the Chinese urban citizens have entered a new era with better living condition and larger living space.

## **2. The major policies of the Chinese government on solving the housing problems of medium- and- low- income families.**

China is in the fast development phase of urbanization and industrialization. In 2005, the Chinese urbanization rate has reached 43% with 480 million urban population. In the 10<sup>th</sup> Five-Year plan, it could reach 47%. According to the estimation of experts, the Chinese urbanization rate would enter a steady-growth phase after it had reached 60%. Every year 10-30 million rural population rush into the cities in China, which lead to the major concern of Chinese housing issue-- the urban housing issue.

A new urban housing supply system has formed in China, giving priority to commodity housing and aiming at citizens with different incomes. Several approaches have been made in the effort of improving the living conditions of urban medium- and- low- income families:

### **I Housing provident fund system.**

Housing provident fund system is one of the most important policies made by the Chinese government to solve the housing problem of urban medium- and- low- income families. It is a compulsory housing deposit system. The provident fund is collected by the employee and the employer respectively for 5-10% of the employee's salary, and it's specialized in purchasing, constructing or repairing the employees' housing. It's a compulsory policy, guaranteed with mutual benefit. By the end of 2005, the total outstanding volume of collection of housing provident fund has reached 626 billion RMB, with 283.4 billion RMB outstanding volume of loan; 30 million employees have used their housing provident fund for the construction, the



purchase or the repair of their homes; 5.24 million families have enjoyed low-rate provident fund loans.

## **II Affordable housing system.**

The affordable housing system is made along with the social and economic reform of China, and it's a systematic housing policy that would be performed for a long period of time. It's provided to families with incomes under a certain level set by the national standard. Through the land planned by the local government, the remit of land use fee and 50% decrease of several other charges, the construction cost has been reduced. The restrictions towards the housing rental price, the concentration on the targeting group of the house buyers, and the profit control for the developers have proved to be efficient. From 2001 to 2005, the total completed floor area of affordable houses, including houses built with pooling funds and cooperative housing, has accumulated to 1 billion square meter, solving 12 million urban families with medium- and- low incomes.

## **III Low rental housing system.**

Chinese government has established low rental housing system for families in poverty who couldn't afford to buy affordable houses or buy houses built by collected funds. Through financial subsidy for those families, families in poverty could afford to rent place of basic living conditions; or the government would provide houses for those families to lease. The money and houses are collected through local government financial budget from various channels. By the end of 2005, 233 cities have applied low rental housing system, accumulated 4.74 billion RMB were collected to benefit 329,000 families in poverty.

## **IV Tax-cut for common housing**

Half of the real estate contract tax is remitted for homebuyers; operation tax is remitted in the selling of common houses owned by the homeowners for at least two years; personal income tax is remitted for the transfer of homes owned by the owners for at least five years, and it's the only residential place for the home owners; Operation tax, real estate tax and personal income tax are remitted for homeowners to lease their houses. Different taxation policies have guided and encouraged the rational consumption of the citizen, urged the real estate developers to adjust the housing supply structure and increased the supply of common housing system.

## **V Renovation the old districts.**

Most of the urban old district dwellers are from medium- and -low income families, with poor living conditions and environment. Since the Chinese social and economic reform in the 1980s, especially after 1990, Chinese government has attached great importance to the renovation of old districts in order to upgrade urban slums.

From 2001 to 2005, roughly 500 million square meters of dilapidated housing have been demolished and rebuilt, resulting in the improvement of housing conditions of around 10 million families. In many cities, the approach of cost-sharing by governments, public institutions that own the housing properties, and the occupants was adopted to finance the redevelopment of the run-down residential neighborhoods. The redevelopment efforts mainly



targeted the upgrading of municipal infrastructure such as water, electricity, and road, the reinforcement of the housing structure, the conversion of flat roofs into sloped ones, the renovation to enhance building energy efficiency, and the improvement of environment and sanitation in order to eliminate hidden risks threatening safety, improve human settlements environment, and boost the functions and efficiency of these aged dwellings.

Moreover, as a large number of rural surplus labors migrate to cities to seek employment as a result of urbanization, the host cities of the migrant workers adopt various means which are tailored to the lifestyle and paying ability of those workers to respond to the basic housing needs of this group of people. In some cases, guided by government, private funding from such sources as enterprises, rural collective organizations and major employers of these labors is mobilized to finance the building of migrant workers' apartments and dormitories, while in some other cases, the government makes efforts to regulate the rental housing market and improve services to encourage the migrant workers to solve their housing problems in the rental housing market.

Ladies and Gentlemen,

During the process of housing reform and development, Chinese Government, with respect to addressing the housing challenge of the low and moderate-income families and improving the human settlements environment, has been mainly emphasizing the following dimensions:

--Focusing on the ordinary people's housing needs

The government supports the rational housing consumption of the residents through establishing the Housing Provident Fund and offering tax incentives, and consolidates its role in providing social security for the low-income families by developing the Affordable Housing Program and the Low-Rental Social Housing Scheme to ensure the basic housing needs of the ordinary households to be adequately addressed.

--Enabling market mechanism to play its role

The measures to reform the housing system such as privatizing the public housing stock, terminating the housing distribution in kind, and promoting the housing distribution in cash have enabled the role of market mechanism in allocating resources to be incrementally strengthened. Meanwhile, China also attaches importance to government macro regulation on the real estate market which aims at stabilizing housing prices, increasing the supply of low-cost housing, and encouraging rational housing consumption of the residents.

--Balancing the urban and rural development

While tremendous efforts have been made to respond to the urban housing challenge, great attention has been paid to the rural housing problems. Financial support, technical assistance and policy guidance are available to help with the management of village planning, guide farmers to build houses, and mobilize and aid farmers to take actions to improve the environment of their own villages and the overall human settlements for the purpose of ameliorating the rural housing conditions.



--Strengthening the development of legal and regulatory framework

The tool of legislation has been used to support the housing reform and housing policy innovation and protect the housing property rights of the residents. So far, such laws and regulations as the *Urban Real Estate Management Law*, the *Management Regulations on Housing Provident Fund*, the *Property Management Regulation*, etc. have been promulgated.

--Promoting in an all-round way the development and upgrading of the human settlements environment

The integrated construction of the supporting infrastructures has been strengthened, the program to develop energy and land efficient housing has been initiated, and the traditional dwelling culture emphasizing the harmony between nature and human beings has been highlighted to promote the overall improvement and sustainable development of the urban human settlements environment. Since 2000, the Ministry of Construction of China have launched the "China Habitat Award" which has made tremendous contribution to the progress and development of the human settlements cause in China.

Ladies and Gentlemen,

As a developing country, China is faced with long-term and arduous task of tackling the urban and rural housing problems. Based on the tenets and principles of the UN Charter, Chinese Government will continue to conduct extensive cooperation and exchange with countries around the world and relevant international organizations including the United Nations Human Settlements Programme (UN-HABITAT), while at the same time, improve domestic situation and gain experience. Our objectives are to score greater achievement in enhancing the quality of life of urban and rural residents and improving settlements environment, and to promote the attainment of various goals and targets set by the United Nations Millennium Declaration.

Chinese government has always attaches great importance to the communication with African countries, and Sino- African cooperation, especially in the field of human settlement, which has went through the test of time and difficulties. We have become good friends, good partners and good brothers. Today we are here to discuss the development of human settlement construction. Together we promote the urban and rural housing construction, the improvement of human settlement environment and sustainable development, which creates a very good opportunity to strengthen our further cooperation.

I wish every success of this conference. Thank you.