

**Increasing the Government's Investment and Solving the Housing
Problems of Low-income Families**

Speech at the 22nd Session of the Governing Council of
United Nations Human Settlements Programme (UNHabitat)

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Honorable president, ministers, representatives,
ladies and gentlemen,

It is my pleasure to attend the 22nd Session of the Governing Council of the United Nations Human Settlements Programme, and discuss with all the counterparts from different countries and regions about the affordable housing policies that match the demands for rapid urbanization development when the financial crisis and climate change have developed into an issue of global significance. I'd like to introduce China's practices to everyone present.

Chinese Government has been attaching much importance to the housing problems of urban and rural residents and actively exploring the housing development approach that matches the national conditions of China. Over one decade, China has completed the housing construction of about 1.3 billion m² in cities and the countryside. In the urban areas, we've never ceased our efforts to deepen the reform and fully utilize the functions of market mechanism. As a result, the urban housing investment has been increasing by over 19.8% annually and the urban housing construction area has exceeded 0.75 billion m² annually. Meanwhile, a noticeable improvement has been made in the housing quality, housing functions and supplementary level of infrastructures. The urban housing construction area per capita has risen from 7.2 m² in 1980 to some 28 m² in 2007. In the rural areas, we've constantly pursued the rural housing land policy of "One Household, One Housing". In accordance with this policy, the rural collective economic organizations provide free of charge the housing land for the farmers' independent construction, ownership and use. Coupled by the rural economic development and farmers' increasing incomes, the Chinese farmers' housing area per capita has increased from 9.4 m² in 1980 to over 30.7 m² in 2006. The Central Government and the local governments at all levels have made an increasing investment in the construction of rural infrastructures and public facilities so that the human environment in the countryside has witnessed an upward trend.

Currently, China is experiencing an accelerated process of industrialization and urbanization, and the limited affordability of urban low-income families has become an increasingly prominent problem. Thus, the Chinese Government put forward in 2007 the target that all the urban residents could solve their shelter problems, and has invested more in solving the housing problems of those low-income families. In November 2008, for the purpose of coping with the negative impacts of global financial crisis, China has formulated ten measures to expand the domestic demands and promote the sound and fast economic growth, and listed the accelerated implementation of security housing plan as the first major task. The accelerated security housing construction will not only improve the people's livelihood, but contribute to an increase in investment and consumption as well, beneficial to economic growth. In December 2008, the Chinese government pledged to solve the housing problems of 7.5 million urban low-income house-short families and 2.4 million squatter settlement residents in the forest areas, reclamation areas and coal mine areas within a period of three years, extend the pilot projects of transformation of dangerous rural buildings to larger areas, and encourage the local governments to increase the economic applicable housing supply.

To implement the security housing construction target, the Central Government and the local governments at all levels have issued a series of supportive policies and developed a policy system involving the financial investment, tax reduction and exemption, credit support and land supply.

---- Increasing the financial investment. For the construction of cheap-rental houses that meet the demands of urban low-income families, the Central Government and all the provincial governments grant the financial subsidies and the governments at municipal and county levels are responsible for the investments. The governments at municipal and county levels integrate the security fund of cheap-rental houses into the local financial budget while the Central Government and all the provincial governments contribute more investments to financial subsidies and raise the subsidy level. In 2009,

the Central Government will assign a total sum of RMB 33 billion as the subsidy of cheap-rental houses. The Central Government's financial subsidy, the local governments' supportive funds, the enterprises' self-financing and the employees' rational contribution will join hands to achieve the transformation of squatter settlements in forest areas, reclamation areas and coal mine areas. As regards the transformation of dangerous rural buildings, the policy that the farmer households arrange the self-financing and the local governments at all levels grant the proper subsidies will be pursued. This year, the security housing plan will get a total investment of RMB 190 billion, in which the Central Government will grant the subsidy fund of RMB 49.3 billion.

---- Pursuing the tax reduction and exemption policy. The construction of cheap-rental houses and economic applicable houses, and the transformation of squatter settlements are exempted from all the administrative charges and government funds. The favorable tax policies like tax reduction or exemption shall apply to the business tax, housing property tax, land value-added tax, township land use tax, stamp tax, deed tax, income tax and other taxes involved in the construction and management of cheap-rental houses and economic applicable houses.

---- Offering the credit support. The commercial banks provide the credit support for such construction projects as listed in the security housing plan. The People's Bank of China and the China Banking Regulatory Commission have formulated the specific administrative measures, specified the loan conditions and preferential interest rate for the construction of cheap-rental houses and economic applicable houses, and lengthened the terms of loan if possible.

---- Guaranteeing the land supply. As instructed by the Central Government, all the local governments shall make the comprehensive plans to arrange the planned index of land for construction, and supply and arrange in advance in the form of administrative allocation the construction-oriented land for the security housing plan projects as listed in the overall plans and annual plans.

While more efforts are made to solve the housing problems of low-income families,

China will concentrate its energy on improving the housing policy system, developing the public rental houses, solving the housing problems of newly employed groups, implementing the consumption and supply policy of ordinary commercial houses and satisfying various housing demands of urban residents.

Ladies and gentlemen,

China is a developing country with a huge population. It remains a long-term and arduous task to solve the housing problems for China. We'll, in consideration of our actual national conditions, make persistent efforts to better our housing policies. We'll work hard to develop the energy-conserving and environment-friendly residential buildings at the provincial and local levels and raise the infrastructure level to achieve the coordinated developments of housing construction and environmental construction and promote an overall improvement in the urban human environments.

We'd like to tighten various modes of contact and cooperation with all the countries and regions in the world so as to boost the mutual developments. I'm convinced that this meeting will play a positive role in promoting the development of global affordable houses. China has maintained close ties with the United Nations Human Settlements Programme, and enjoyed a productive cooperation. We hope to further this cooperation relation and make our due contribution to achieving two major targets including "Adequate Shelter for All" and "Sustainable human settlements development of in an urbanization world".

Thank you!