

3 The Changing Determinants of Homeownership amongst Young People in Urban China

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Abstract

This article examines the determinants of home ownership among young people in China. More specifically, it aims to shed light on the shifting importance of the state (through 'redistributive power') and the ability of young people to compete in housing markets ('market ability') after more than three decades of market transition. Through an analysis of data from the China General Social Survey, the paper quantifies the impacts of four types of determinant on young people's access to homeownership: political affiliation, organizational affiliation, territorial affiliation, and market ability. Results show that a redistributive power (through territorial, political and organizational affiliation) still influences access to housing, mainly in the form of territorial affiliation (hukou registration). Higher market ability does not contribute to homeownership but is related to independent living. The paper points to three housing policy priorities to improve young people's housing opportunities: reduce inequalities resulting from unequal access to homeownership, improve options for young migrants, and improve conditions in the rented sector.

Keywords: homeownership, China, young people, hukou, market transition

§ 3.1 Introduction

There is a distinctive difference between market economy countries and Socialist countries in the determinants of housing opportunity. In market economies, variables such as education, occupation, income and accessibility to loans are crucial factors for

obtaining good quality housing and/or accessing homeownership (in most Western countries good quality housing is equal to homeownership). In Socialist countries, however, the probability of getting good quality housing depends on households' 'affinity' to the, as described by Szelenyi, 'redistribution power' (Zhou & Logan, 1996; Zhang, 1997; Logan et al, 1999; Zhao & Bourassa, 2003). Szelenyi argues that social inequalities in Socialist countries are basically created and structured by 'redistributive mechanisms' in which state collected surplus is redistributed according to centrally defined goals, regardless of the value of the goods. The influence of these redistributive mechanisms is not reflected in salaried income but rather in welfare provisions such as housing, access to higher education, access to good health care and pension plans, and subsidies for certain commodities (Szelenyi, 1978). Thus, the main mechanism of stratification is 'bound up with access to and control over redistributive institutions: mainly the party and state bureaucracies.' (Nee, 1996, p943).

During China's transition from a redistributive economy to a market economy, both variables about redistributive power and ability in the market are relevant in urban housing access. In China, small private entrepreneurs and self-employed workers generally obtain upward mobility by purchasing owner-occupied housing on the 'open market' (Li, 2000; Li & Li, 2006; Luo, 2013; Yi & Huang, 2014). On the other hand, people who are close to the 'redistribution power', mainly the Communist Party of China (hereafter CPC) members and state or government employees, have mostly maintained and improved their status by purchasing owner-occupied housing from their work-unit with a generous subsidy (Sato, 2006; Logan, Fang & Zhang, 2009; 2010).

In market economies, the housing tenure of offspring to a large extent mimics the housing tenure type of their parents due to intergenerational transfers and intergenerational transmission of socio-economic characteristics (Helderan, 2007). In China, one unique mechanism that should be added to this picture is the legacy of housing reform. Families which were privileged in the socialist era were allocated rental welfare housing which was later on transformed into reformed home ownership housing that could be acquired at a very low price. The equity gained by these households will influence their ability to help their children acquiring home ownership.

Understanding who gets access to homeownership and how is particularly important in contemporary China, given homeownership is generally the only way to secure stable accommodation. Moreover, since homeownership in early adulthood is strongly related to a series of demographic transitions such as leaving home, marriage and childbirth (Yu & Xie, 2013), it has a crucial influence on the further life chances of young people. Focusing on young people's access to homeownership not only requires an analysis of levels of independent homeownership but also of their experiences of living with home-owning parents in joint or dependent home ownership. Globally, there is increasing

evidence of young people living longer with their parents (Cobb-Clark, 2008; Berrington, Stone & Falkingham, 2009; Clapham, Mackie, Orford, Thomas, & Buckley, (2014)), or obtaining homeownership with parental help (Engelhardt & Mayer, 1998; Kurz, 2004). Young adults are experiencing 'extended' transitions to adulthood, which involves delayed timing and de-standardization in leaving home, partnership and parenthood (Ford, Rugg & Burrow, 2002; Berrington et al., 2009; Billari & Liefbroer, 2010).

China, unlike the Western world but similar to other Asian countries, has a tradition of married adults cohabiting with parents or parents-in-law. Even though this tradition is eroding along with the modernization process, it is still quite common. In 1982, 49.7% of married couples were living with parents, usually the husband's parents (Pan et al, 1997). For the period 1993 to 2000, the China Health and Nutrition Survey showed that the percentage of married women aged 15 to 52 year old and cohabitating with parents (-in-law) has declined from 37.3% to 35.3% (Yang, 2008).

Intergenerational cohabitation can influence Chinese society in two opposite ways. On the one hand, living with home-owning parents can serve as a desirable housing solution for young people, by providing stable, and most of the time free, accommodation in their vulnerable early adulthood. Also, it will probably result in future homeownership for the young people concerned by means of inheritance. On the other hand, cohabitation reinforces the reliance of young adults on their parents. Consequently, it may be harmful to the social and labour market mobility of the young generation.

This paper applies a logistic regression analysis in order to identify the determinants of young Chinese people's homeownership, thereby making a distinction between independent home ownership and dependent home ownership (living with home owning parents). Previous research about homeownership determinants in China has mainly focused on the urban population as a whole, either at the national (Logan et al., 2009; Yi & Huang, 2014) or municipal level (Chen, 2011; 2012). Other researchers focused on low-income groups (Huang, 2012) or migrants of all ages (Wang & Zuo, 1999; Wu, 2002; 2004; Wang, Wang & Wu, 2010; Li, 2012; Huang, Dijst, van Weesep & Zou, 2013). However, research on homeownership that specifically focuses on young people is limited. Moreover, the available research on this topic is mainly in Chinese and merely uses descriptive analysis (Ouyang, 2011; Zhang, 2011) and correlation analysis (Zhang, 2009). Research using logistic regression models to identify influential determinants of young people's homeownership is rare (Zhu, 2012). Also, there is no research available that divides homeownership into independent homeowners and dependent homeowners. This paper attempts to fill this gap.

In the following section we will firstly introduce our conceptual framework of 'housing opportunity patterns' and review the relevant literature. An explanation about the data and methods we use will follow. We then present the results of the logistic regression analysis and the paper ends with some conclusions and a discussion of the policy implications of our research.

§ 3.2 Changing housing policy in China: exploring the drivers of housing opportunities for young people

Previous research has identified four periods in modern Chinese housing policy (Deng, Hoekstra, & Elsinga, 2014): a welfare period (1949-1978), a dual period (1979-1998), a market period (1999-2011), and a comprehensive period (after 2011). In this Section of the paper we briefly examine the key determinants of access to housing in each period. We conclude the section by identifying four housing opportunity patterns which reflect the changing influence of 'redistributive' variables and 'market' variables over time.

§ 3.2.1 The historical development of Chinese housing policy

Modern housing policy in P. R. China started with a welfare period (1949-1978) in which subsidized rental housing, so-called welfare housing, dominated the housing provision. This housing was funded by a central fund, developed by municipalities or work units³, and let to workers against a nominal rent. Housing allocation in the welfare period favoured the 'redistributors', the socialist elites, rather than the direct 'producers'; ordinary workers and peasantry. In this period, variables indicating

3 Work units can be seen as employment organizations. The main difference between work units and 'normal' employers is that work units have an administrative and welfare function. After the market reform, this administrative and welfare function was usually transferred to local authorities. An exception to this are government departments and state-owned enterprises.

political affiliation, such as CPC membership and cadre status⁴, had a strong impact on households' housing opportunities (Zhang, 1997; Logan et al., 1999; Li & Li, 2006; Sato, 2006).

From the early 1980s, China started a series of housing reforms which aimed to diminish the in-kind rental housing provision from the state and the work-units, and to promote market allocation of homeownership provided by commercial developers. However, this reform took a gradual approach and for a long period of time there was a so-called dual provision system. Therefore, in the dual period (1979-1998), dwellings were either provided by the work units (e.g. reformed housing) or by the market (e.g. commodity housing). Work units increasingly sold their housing stock at reduced prices to sitting tenants. A large number of workers became independent homeowners for much lower costs than the costs for those who bought a dwelling on the free market. Organizational affiliation, mainly to rich and powerful work units, was the key to access subsidized reformed housing. Thus, during the dual period organizational affiliation, such as the type (government or enterprises), sector (private, collective, foreign or joint, and state) and size (number of employees) of the work units, played an increasing role as a determinant of housing access (Francis, 1996; Zhou & Logan, 1996; Li, 2000; Zhao & Bourassa, 2003; Logan et al., 2009; 2010; Chen, 2011; 2012).

When the provision of reformed housing was officially stopped in 1998, China moved to the market period (1999-2010). Housing speculation and soaring house prices became a serious problem in this period. Market regulation policies against housing purchases by non-local residents took place as a means of preventing housing speculation and improving affordability. Local hukou registration⁵ was used as an indicator of locality. The hukou system influences housing access and housing quality in several ways. Firstly, the formal labour market is only accessible for residents who have a local hukou. Consequently, migrants usually work in informal and temporary jobs with relatively low wages, which makes it harder for them to afford homeownership. Secondly, because of their temporary status and limited welfare rights, migrants without a local hukou are often reluctant to invest much in housing (Jiang, 2006). Also in the field of housing policy, local and immigrant residents, as indicated by their hukou status, are treated differently (Wang & Zuo, 1999; Wu, 2002,

4 The term cadre status was introduced in the planning economy and is still in use in contemporary China. It categorizes labour market participants into three categories: peasant, worker, and cadre. People with cadre status have privileges in terms of political rights, job opportunities, benefits and subsidies.

5 A hukou is a status in the household registration system in China. It registers families as residents of a particular urban or rural area. Access to local welfare services such as public schools, health care benefits and public housing usually requires an urban hukou registration.

2004; Jiang, 2006; Logan et al., 2009; Zheng, Long, Fan & Gu, 2009; Wang et al., 2010). Firstly, housing subsidies and low-cost housing schemes are only available to local households. Secondly, as a means to prevent speculation, down payment requirements and interest rates for mortgage loans are higher for immigrants.

Only after 2011, the central government began to acknowledge the housing rights of immigrants and started to loosen the hukou requirements for commodity housing purchase and eligibility for Public Rental Housing. In principle, access to housing in the comprehensive period (after 2011) would mainly be decided by a households' ability to compete in the market. Indeed, as the transition process progresses, variables indicating households' market ability, such as self-employment and higher income, started to emerge as important determinants of homeownership (Chen & Gao, 1993; Logan et al, 1999; Li, 2000; Pan, 2003; Huang & Clark, 2002; Sato, 2006; Logan et. al., 2009; Chen, 2011; Huang et al, 2013; Luo, 2013; Yi & Huang, 2014). However, since the beginning of market transition (after the 1980s) the impact of income on home ownership is ambiguous. In some research, a positive correlation is found between income and homeownership (Chen, 2011; Huang et al., 2013; Luo, 2013), whereas in other research income is statistically irrelevant as a determinant of homeownership (Ho & Kwong, 2002). Huang & Clark found a curvilinear correlation between income and homeownership, in which both lower income groups and higher income groups had fewer homeowners (Huang & Clark, 2002). As suggested by Sato (2006), meritocracy and political credentialism work differently as determinants of housing inequality: meritocracy is influential in the business sector while political credentialism is influential in non-business sectors.

§ 3.2.2 Four housing opportunity patterns

Based on our analysis of changing housing policy in China, we have distinguished four so-called housing opportunity patterns (see FIGURE 2.1). Due to the complexity of the housing allocation process, the gradual nature of the Chinese transition process and the asynchrony of housing policies in different cities, these patterns strongly overlap with each other. The influence of the four aspects may coexist but the intensity of each aspect varies according to time, local economic structure and the vision of the local government. For example, the opportunity pattern of "political affiliation" is more dominant in Beijing compared to Guangzhou. This is because Beijing possesses many state government departments and state-owned enterprises and has experienced a relatively slow process of monetary reform (Li, 2000). It is the aim of this paper to

assess to what extent each of the four housing opportunity patterns influence the rate of home ownership among young people in contemporary urban China.

§ 3.3 Data and methods

The data used in this paper come from the China General Social Survey database for the year 2010 (CGSS 2010). The CGSS 2010 survey is conducted by 25 Chinese universities and research institutes and coordinated by Renmin University. It uses multistage probability sampling and covers all provinces. On the city level, it covers 100 counties/districts and 5 metropolitan areas including Beijing, Shanghai, Tianjin, Guangzhou and Shenzhen. On the neighbourhood level, it randomly chooses 4 neighbourhoods in each county/district. In the 5 metropolitan areas, it chooses 80 neighbourhoods. In each neighbourhood 25 households are selected. In this paper, we only look at people who are living in urban areas, aged from 18 to 35, and not in full-time education⁶. This sample included 1773 cases of which 1500 cases had effective information about housing tenure.

Among the 1500 cases, 17 cases have shared homeownership between interviewee and parents or children, and 1483 cases only have one generation as homeowners: in 580 cases the home is owned by the young people, in 565 cases by the parents, and 3 cases by the children⁷. In total, 335 cases have no homeowners in their households. Throughout our analysis we refer to independent homeowners in the following cases: young people who own a home themselves, young people who share ownership, and instances where children own the property. Young people living in a home that is owned by their parents are referred to as dependent homeowners. All other young people are described as non-homeowners (Table 3.1).

6 Students in tertiary education are usually accommodated in collective student dormitories provided by education institutes. Therefore, they are not active in the 'formal' housing market.

7 As a measure to show generous family support and to avoid juridical and administrations costs, Chinese households sometimes put another family member's name as the owner(s) instead of the person who is paying.

TABLE 3.1 Housing tenure distribution of young Chinese people

| HOUSING TENURE | | N. | CODE AS | % |
|----------------|------------------------------|------|------------------------|-------|
| Owners | interviewee+parents/children | 17 | Independent homeowners | 40.0% |
| | interviewee | 580 | | |
| | children | 3 | Dependent homeowners | 37.7% |
| | parents | 565 | | |
| Non-owners | | 335 | Not homeowners | 22.3% |
| Missing | | 273 | | |
| Total | | 1773 | Total N. | 1500 |

Data source: CGSS2010U_18-35

Our selection of explanatory variables (Table 3.2) is based on our conceptual framework of four housing opportunity patterns. We initially considered 21 independent variables and grouped them into 5 categories: demographic variables and four housing opportunity pattern variables. The demographic variables are related to the life course: age category, marriage status, and parenthood. Political affiliation variables include political involvement (indicated by political party membership) and cadre status. Organizational affiliation variables include work unit type, work unit sector, and work unit size. Territorial affiliation variables include: the type of hukou registration, the site of hukou registration, and the existence of a hukou transfer. Market ability variables are the level of education, employment status, personal income and household income. In our research, we not only consider the characteristics of the young people themselves but also the political and organizational affiliation variables of their parents, in order to assess if redistributive power mechanisms are passed on from one generation to another. Additionally, we choose the higher status between husband and wife, and between father and mother for reasons of accuracy and consistency. The descriptive statistics of the explanatory variables are presented in Table 3.3.

TABLE 3.2 Definition of explanatory variables

| VARIABLES | DEFINITION |
|-----------------------------------|--|
| Demographic | |
| age categories | age categories |
| marriage | marriage status |
| parenthood | parenthood status |
| Political affiliation | |
| political involvement | most powerful political party status between husband and wife |
| cadre status | most powerful cadre status between husband and wife (|
| political involvement of parents | most powerful political party status between father and mother when the interviewee was 14 |
| cadre status of parents | most powerful cadre status between father and mother when the interviewee was 14 |
| Organizational affiliation | |
| work unit type | most powerful workunit type between husband and wife |
| work unit sector | most powerful workunit sector between husband and wife |
| work unit size | the workunit size of the interviewee (number of employees) |
| work unit type of parents | most powerful workunit type between father and mother when the interviewee was 14 |
| work unit sector of parents | most powerful workunit sector between father and mother when the interviewee was 14 |
| Territorial affiliation | |
| hukou type | the highest hukou type status between husband and wife |
| hukou site | Migration movements since original hukou registration |
| hukou transfer | hukou transfer status |
| Market ability | |
| education level | the highest education level between husband and wife |
| employment status | the highest employment status between husband and wife |
| household annual income | Household annual income by category |
| personal annual income | personal annual income by category |
| education level of parents | the highest education level between father and mother when the interviewee was 14 |
| employment status of parents | the highest employment status between father and mother when the interviewee was 14 |

TABLE 3.3 Frequencies of homeownership by explanatory variables

| VARIABLES AND CATEGORIES | | Not homeowners | | Dependent homeowners | | Independent homeowners | | Missing value |
|-----------------------------------|-----------------------------------|----------------|-----|----------------------|-----|------------------------|-----|---------------|
| | | N. | % | N. | % | N. | % | |
| Demographic | | | | | | | | |
| age_category | 18 to 25 | 116 | 35% | 238 | 42% | 65 | 11% | |
| | 26 to 36 | 219 | 65% | 327 | 58% | 535 | 89% | |
| Marriage | Not in marriage | 140 | 42% | 278 | 49% | 76 | 13% | 2 |
| | In marriage | 195 | 58% | 285 | 50% | 524 | 87% | |
| parenthood | Not in parenthood | 172 | 51% | 337 | 60% | 153 | 26% | |
| | In parenthood | 163 | 49% | 228 | 40% | 447 | 75% | |
| Political affiliation | | | | | | | | |
| political involvement | has no political party membership | 280 | 84% | 496 | 88% | 431 | 72% | |
| | has political party membership | 55 | 16% | 69 | 12% | 169 | 28% | |
| cadre status | has no cadre status | 319 | 95% | 541 | 96% | 533 | 89% | |
| | has cadre status | 16 | 5% | 24 | 4% | 67 | 11% | |
| political involvement of parents | has no political party membership | 276 | 82% | 415 | 73% | 406 | 68% | |
| | has political party membership | 59 | 18% | 150 | 27% | 194 | 32% | |
| cadre status of parents | has no cadre status | 318 | 95% | 504 | 89% | 529 | 88% | |
| | has cadre status | 17 | 5% | 61 | 11% | 71 | 12% | |
| Organizational affiliation | | | | | | | | |
| work unit type | no workunit | 216 | 65% | 373 | 67% | 247 | 41% | 10 |
| | enterprise | 79 | 24% | 136 | 24% | 211 | 35% | |
| | government | 38 | 11% | 49 | 9% | 141 | 24% | |
| work unit sector | no workunit | 83 | 27% | 200 | 38% | 185 | 33% | 120 |
| | private and collective | 143 | 47% | 194 | 37% | 159 | 29% | |
| | foreign or joint | 36 | 12% | 70 | 13% | 144 | 26% | |
| | state | 40 | 13% | 61 | 12% | 65 | 12% | |
| work unit size | 0 | 121 | 36% | 229 | 41% | 187 | 31% | * |
| | 1-50 | 108 | 32% | 167 | 30% | 178 | 30% | |
| | <50 | 106 | 32% | 169 | 30% | 235 | 39% | |
| work unit type of parents | no workunit | 191 | 58% | 216 | 39% | 258 | 44% | 37 |
| | enterprise | 76 | 23% | 167 | 30% | 152 | 26% | |
| | government | 61 | 19% | 169 | 31% | 176 | 30% | |
| work unit sector of parents | no workunit | 167 | 55% | 238 | 46% | 271 | 48% | 117 |
| | private and collective | 64 | 21% | 89 | 17% | 76 | 14% | |
| | foreign or joint | 50 | 17% | 139 | 27% | 154 | 28% | |
| | state | 22 | 7% | 55 | 11% | 58 | 10% | |

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TABLE 3.3 Frequencies of homeownership by explanatory variables

| VARIABLES AND CATEGORIES | | Not homeowners | | Dependent homeowners | | Independent homeowners | | Missing value |
|--------------------------------|-------------------------------|----------------|-----|----------------------|-----|------------------------|-----|---------------|
| | | N. | % | N. | % | N. | % | N. |
| Territorial affiliation | | | | | | | | |
| hukou type | rural | 125 | 37% | 107 | 19% | 119 | 20% | |
| | urban | 210 | 63% | 458 | 81% | 481 | 80% | |
| hukou site | Inter-municipality migrants | 153 | 47% | 42 | 7% | 94 | 16% | 6 |
| | Intra-municipality migrants | 75 | 23% | 124 | 22% | 142 | 24% | |
| | Local | 98 | 30% | 399 | 71% | 359 | 60% | |
| hukou transfer | born as urban or local | 50 | 15% | 270 | 48% | 159 | 27% | |
| | remain as rural or non-local | 175 | 52% | 154 | 27% | 181 | 30% | |
| | transferred to urban or local | 110 | 33% | 141 | 25% | 260 | 43% | |
| Market ability | | | | | | | | |
| education level | elementary education | 109 | 33% | 138 | 24% | 151 | 25% | 1 |
| | secondary education | 86 | 26% | 189 | 34% | 124 | 21% | |
| | higher education | 140 | 42% | 237 | 42% | 325 | 54% | |
| employment status | no formal employment | 37 | 11% | 137 | 24% | 47 | 8% | |
| | formal employment | 206 | 61% | 330 | 58% | 377 | 63% | |
| | employer or self-employment | 92 | 27% | 98 | 17% | 176 | 29% | |
| household annual income (¥) | 0-15630 | 40 | 15% | 62 | 13% | 54 | 10% | 237 |
| | 15631-26054 | 51 | 19% | 100 | 21% | 77 | 15% | |
| | 26055-40000 | 51 | 19% | 108 | 23% | 95 | 18% | |
| | 40001-70000 | 54 | 20% | 106 | 22% | 137 | 26% | |
| | 67001-600000 | 77 | 28% | 97 | 21% | 154 | 30% | |
| personal annual income (¥) | 0-2500 | 34 | 13% | 81 | 18% | 53 | 11% | 275 |
| | 2501-9999 | 50 | 19% | 114 | 25% | 87 | 17% | |
| | 10000-18000 | 32 | 12% | 84 | 18% | 60 | 12% | |
| | 18001-30000 | 66 | 25% | 97 | 21% | 145 | 29% | |
| | 30001-6000000 | 84 | 32% | 80 | 18% | 158 | 31% | |
| education level of parents | elementary education | 223 | 67% | 317 | 56% | 383 | 64% | 10 |
| | secondary education | 88 | 27% | 185 | 33% | 154 | 26% | |
| | higher education | 20 | 6% | 61 | 11% | 59 | 10% | |
| employment status of parents | no formal employment | 178 | 53% | 190 | 34% | 276 | 46% | |
| | formal employment | 104 | 31% | 287 | 51% | 274 | 46% | |
| | employer or self-employment | 53 | 16% | 88 | 16% | 50 | 8% | |

* 502 cases are missing, or 'not applicable'. Since the question is 'How many employees your workunit has?' We assume these cases have no workunit therefore code it as '0'.

To clearly distinguish between non-homeowners, independent homeowners and dependent homeowners, and to study the determinants of these three different groups, we have built three models with different dependent variables. In model A, we compare non-homeowners with independent home owners. In model B, we compare non-homeowners with dependent homeowners. Finally, in model C, we compare dependent homeowners with independent homeowners. We firstly included 21 independent variables (see table 2) in our three basic models, then we used a backward-elimination-by-hand approach. In each step, the variable with the highest non-significant p-value was omitted from the analysis. This process was repeated until only statistically significant predictors, at least in one model, remained. The backward-elimination-by-hand procedure resulted in a final model with 11 variables included. These 11 variables consist of 3 demographic variables (age category, marriage, and parenthood), 6 redistributive variables (work unit type of parents, political party membership of young people, political party membership of parents, hukou type, hukou site, and hukou transfer) and 2 market variables (employment status of young people and personal income).

§ 3.4 Determinants of homeownership amongst young people in China

The results of the three logistic regression models are shown in Table 3.4. The odds ratio reflects the changes in odds resulting from a unit change in the predictor. For example, an odds ratio of 4.2 for people who are in marriage in model A means that married people are 4.2 times more likely to be independent homeowners than people who are not married (reference category).

TABLE 3.4 Results of Logistic regression models

| VARIABLES AND CATEGORIES | A | B | C |
|---|--------|---------|--------|
| Demographic | | | |
| age group (ref=18 to 25) | | | |
| 26 to 36 | 1.2 | 0.4** | 2.2*** |
| marriage (ref=not in marriage) | | | |
| In marriage | 4.2*** | 2.1* | 2.2** |
| parenthood (ref=has no children) | | | |
| Has children | 1.2 | 0.7 | 1.8** |
| Political affiliation | | | |
| political involvement (ref=has no political party membership) | | | |
| has political party membership | 1.1 | 0.6 | 1.9** |
| political involvement of parents (ref=has no political party membership) | | | |
| has political party membership | 2.0** | 1.8* | 1.1 |
| Organizational affiliation | | | |
| work unit type of parents (ref=no work unit) | | | |
| enterprise | 1.1 | 1.5 | 0.8 |
| government | 1.6 | 2.1** | 0.8 |
| Territorial affiliation | | | |
| hukou type (ref=agricultural) | | | |
| non-agricultural | 1.5 | 2.8** | 0.5** |
| hukou site (ref=inter-municipality migrants) | | | |
| intra-municipality migrants | 4.2*** | 6.0*** | 0.8 |
| local | 7.2*** | 16.0*** | 0.5 |
| hukou transfer (ref=born as urban or/and local) | | | |
| remain as rural or non-local | 1.4 | 1.2 | 1.0 |
| transferred as urban or/and local | 0.9 | 0.5** | 1.8** |
| Market ability | | | |
| employment status (ref=no formal employment) | | | |
| formal employment | 0.9 | 0.5* | 2.0** |
| employer or self-employment | 0.7 | 0.3** | 2.4** |
| personal income (ref=deviation) | | | |
| 0-2500 | 0.7 | 1.1 | 0.8 |
| 2501-9999 | 0.8 | 1.1 | 0.7* |
| 10000-18000 | 1.0 | 1.3 | 0.7 |
| 18001-30000 | 1.3 | 1.0 | 1.3* |
| 30001-6000000 | 1.3 | 0.7* | 1.7** |

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TABLE 3.4 Results of Logistic regression models

| VARIABLES AND CATEGORIES | A | B | C |
|--------------------------|-----------|-----------|-----------|
| Constant | 0.1*** | 0.3 | 0.3* |
| N. | 741 | 698 | 933 |
| Percentage correct | 65.9-74.9 | 63.8-78.6 | 52.3-71.1 |
| -2 Log pseudolikelihood | 760 | 664 | 1037 |
| Nagelkerke. R2 | 0.314 | 0.412 | 0.318 |

*** $p < 0,001$, ** $p < 0,01$, * $p < 0,05$

Model A compares independent home owners versus non-homeowners.

Model B compares dependent home owners versus non-homeowners.

Model C compares independent home owners versus dependent homeowners.

With regard to the demographic characteristics, it becomes clear that life courses are related to tenure choice, a finding which resonates with other research on this topic (Huang & Clark, 2002; Li & Li, 2006; Huang et al, 2013). Young Chinese people who are older, married, and have children are more likely to leave home and live as independent homeowners. Marriage has a statistically significant effect in all three models. Respondents who are married are two to four times more likely than single young people to be an independent or dependent homeowner. Age appears to have a negative effect in model B: people aged 26 to 35 are 2.5 times ($1/0.4=2.5$) less likely than those aged 18-25 to be dependent homeowners (as opposed to non-homeowners). Both age and parenthood have a positive effect in model C. Respondents aged between 26 and 35 and respondents with children are about two times more likely to be independent homeowners (rather than dependent home owners) when compared to younger respondents or respondents without children.

The impact of political and organizational affiliation of the young people is generally weak compared to findings from research in the beginning of the housing reform in the 1990s (Zhou & Logan, 1996; Logan et al., 1999; Li, 2000; Ho & Kwong, 2002; Huang & Clark, 2002; Pan, 2003; Li & Li, 2006). Political affiliation is significant in all 3 models. However, in the models A and B it is the political involvement of the parents that plays a role, whereas in model C it is the political involvement of the young people. Young people whose parents have political party membership (mainly Communist Party of China) are approximately twice as likely to be either independent or dependent homeowners compared to young people whose parents do not have political party membership. Young people who themselves have political party membership are 1.9 times more likely to be independent homeowners (rather than dependent homeowners) when compared to young people who are not party members.

CPC membership as a factor of housing allocation was salient in the 1990s (Logan et al, 1999; Pan, 2003) but less important in research after 2000 (Chen, 2011; Huang et al, 2013). Our research suggests that the impact of CPC membership may not be ignored but affects young people's housing opportunities in a subtle way, for example through intergenerational inheritance of political or social capital. It may be that CPC members used the benefit they got from the old redistributive system to help their children with cash. It is also possible that the young people who are CPC members are more sensitive to new housing opportunities as a result of their experience in political interaction.

Organizational affiliation appears to have a similar influence as political affiliation. None of the variables relating to young people's work units features are relevant in our models, but work unit type of parents is statistically significant in model B. Young people whose parents work in government are 2.1 times more likely than other young people to become dependent homeowners (rather than non-homeowners). Thus, the impact of organizational affiliation works out differently than persistent CPC membership. Working in government can help parents to become homeowners and accommodate their children in a homeownership dwelling but hardly seems to provide extra resources which can help their children to become independent homeowners.

Territorial affiliation has now become the most salient factor among the three redistributive power variables. All three hukou-related variables⁸ had significance in at least one of the final models. In terms of hukou type, young people who have an urban hukou are about 2.8 times more likely than those without an urban hukou to be dependent homeowners (rather than non-homeowners - model B). Interestingly, those with an agricultural hukou are 2.0 times ($1/0,5=2$) more likely to be independent homeowners (rather than dependent homeowners - model C). This might be related to the dominance of the self-build sector amongst those with an agricultural hukou (Logan et al., 2009).

Hukou site is the variable which appears to make the biggest difference. Local young people and intra-municipality (short-distance) migrants were 7.2 and 4.2 times more likely than inter-municipality migrants to be independent homeowners (as opposed to non-homeowners - model A), and 16.0 and 6.0 times more likely to be dependent homeowners (as opposed to non-homeowners - model B). The larger odds ratio local young people have compared to intra-municipality migrants may shed light on

8 Hukou type indicates the administratively registration status as an agricultural (rural) household or a non-agricultural (urban) household. Hukou site indicates the original location of the hukou registration, such as a certain street/village, district/county, municipality, and province. Hukou transfer indicates whether a person has transferred his/her original hukou registration from a rural/non-local one into an urban/local one.

factors other than the hukou barrier alone. If we only look at institutional barriers, there should not be a distinction between local and intra-municipality migrants since the hukou barrier only works against people without a hukou registration in the same municipality. An additional explanatory factor may be found in the ability of parents to provide help (Cui and Hooimeijer et al., 2014). Municipalities in China are big and, most of the time, migration within municipalities involves movements from less developed rural areas to more developed urban areas. Consequently, in the case of intra-urban migrants, the parents' wealth can often contribute less to the home purchase than in the case of local young people. .

Hukou transfer seems to be an effective predictor of independent living. Compared to those who were born with an urban and/or local hukou, young people who were born with a rural or non-local hukou but successfully transferred this into an urban and/or local hukou are about 2.0 ($1/0.5=2$) times more likely to be non-homeowners (rather than dependent homeowners - model B) and 1.8 times more likely to be independent homeowners (as opposed to dependent homeowners - model C). Thus, they are living as renters (model B) or as independent home owners (model C).

Higher market ability⁹ does not seem to influence independent home ownership (as opposed to non-home ownership, model A). However, a high market ability can prevent young people from depending on their home-owning parents. Compared to young people who have no formal employment, young people who have formal employment are 2.0 ($1/0.5=2.0$) times less likely to be dependent homeowners (as opposed to non-homeowners - model B) and 2.0 times more likely to be independent home owners (as opposed to dependent homeowners – model C). Young people who are self-employed or employers are 3.3 ($1/0.3=3.3$) times less likely to be dependent homeowners (as opposed to non-homeowners - model B) and 2.4 times more likely to be independent home owners (as opposed to dependent homeowners – model C). Young people who are in the higher income group are 1.4 ($1/0.7=1.4$) times less likely to be dependent homeowners (as opposed to non-homeowners - model B) and 1.7 times more likely to be independent homeowners (compared to dependent homeownership, model C). Taken together these findings suggest that the decision of young households to leave their parental home (dependent home ownership) and to live independently as either a tenant (non-home owner, model A) or as an independent home owner (model C) is significantly influenced by their market ability.

9

This concerns the following variables: education level of young people, employment status of young people and their parents, personal income and household income of young people.

This analysis has shown that after thirty years of market reform, 'redistributive power' still plays a major role in housing allocation, certainly in relation to the likelihood of ending up in independent homeownership. The redistributive power of organizational affiliation seems to have decreased but the influence of political affiliation (both of the young people themselves and their parents) still persists. Territorial affiliation, which was less important in Socialist times when there was relatively little migration, has become a new mechanism of housing allocation. Finally, it is remarkable that the market ability, which can be seen as an indication of young people's personal achievement, does play a role in the prediction of independent living, but less so in the prediction of independent home ownership (compared to non-homeownership).

§ 3.5 Conclusion and policy implications

In China, the policy attention given to young people's housing needs is rather limited. In part, this is due to traditional Chinese culture which believes young people should live with their parents rather than independently (Li and Shin, 2013). However, recent literature shows that both young people and their parents are increasingly expecting to live apart, although hopefully in close proximity (Pan et. al., 1997; Xie, 2010; Feng, 2011; Zhang, 2012). This study has shown that young people in China do not have equal access to housing options. Their housing opportunities are influenced by various factors, such as demographics, political affiliation, organizational affiliation, territorial affiliation and market ability. It is the role of housing policy to ensure all young people are able to access suitable housing in order to make a successful transition from youth to adulthood. However, current Chinese housing policy does not yet fulfill this role. With a view to improving this situation, we make three policy recommendations.

First, this paper has shown that access to homeownership is unequal and this has implications for social inequality. Housing assets in the form of an owned home can be transferred between generations. Because real estate property tends to gain value over time, home ownership helps to maintain and enhance social inequality between those who own and those who do not. Hence, homeownership can be viewed as an independent factor in the distribution of social inequality (Kurz & Blossfeld, 2004). Given this relationship between homeownership and social inequality, policy makers must take steps to ensure young people get better opportunities to access home ownership for example by lowering the down payment requirement or by introducing specific subsidies for young people who cannot take profit of intergenerational transfers. Alternatively, the state could intervene by ensuring that owning a

property does not increase inequality, for example by introducing inheritance and property taxes.

Second, we conclude that the redistributive power of the Socialist system still influences access to housing in China, although its influence has somewhat shifted from organizational and political affiliation to territorial affiliation. The increasing importance of territorial affiliation is consistent with the devolution of power to provincial and municipal authorities and the decreasing central state intervention in the production of housing. The affiliation to territories, currently indicated by hukou site registration, appears to be the primary determinant of access to housing amongst young people in contemporary China. It is vital to ensure the sustained involvement and contribution of young migrants in Chinese cities, both in terms of consumption and production. Hence one of the major housing policy challenges in China is to ensure young migrants have access to suitable housing. Policy makers must further examine the disadvantage faced by young migrants and develop housing options, across all tenures, which meet their needs.

The third challenge facing Chinese policy makers is the need to de-stigmatize the rental sector and improve its conditions (Jiang, 2006; Ouyang, 2011). Young people face multiple goals and challenges such as further education, career development, and family formation with which relocation might be involved. Only offering stable and decent housing in the owner-occupied sector may force Chinese young adults to rush into homeownership and to divert the limited financial resources from achieving goals relating to education, employment and family (Hu & Wu, 2010; Miao, 2010; Deng & Huang, 2011). In order to prevent this, the affordability and security of the rental sector should be improved. The provision of public rental housing should be extended and the public rental sector should be made more accessible to immigrants (Wang & Li, 2011). In addition to this, the private rental sector should be better regulated in order to make it more stable and desirable.

The combination of the current regulation and previous policy legacies puts two groups of young Chinese at a particular disadvantage: young people whose parents have not been allocated reformed housing during the housing reform (they have less equity accumulated to help their children buying a home) and young people who migrate from their natal home (their parents cannot help them with in-kind support of cohabitation). In our opinion, Chinese housing policy should particularly pay attention to these two groups of young people.

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