



Liuzhou Housing Supply: Affordable Quality Housing for Everyone

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The introduction of Liuzhou City

Basic Information of Liuzhou City

Liuzhou, also known as Dragon City, is located in the center of the Guangxi Zhuang Autonomous Region of China. It is a historical city with many cultural sites and a unique landscape. As a comprehensive industrial regional city and a transport hub, Liuzhou city consists of six counties and four districts (Liujiang county, Liucheng county, Luzhai county, Rongshui county, Ronggan county, Sanjiang county, Chengzhong district, Liubei district, Yufeng district and Lianan district). It covers an area of 18,600 square km². And has a population of 3.6756 million people from 48 different ethnic groups. Liuzhou has long been the industrial base of the region, but since it became an experimental city in the United Nations Development Program's "City Planning, Management and Development in the 21st Century" project, it has become a modern city that is suitable for living and establishing business as the communication hub, and the logistic center of commerce and trade for southwest China. Building off of its natural and cultural heritage it is becoming an excellent tourist destination. Because of its green mountains held in the embrace of the river the city is known as "The World's Best Natural Bonsai".

The Development of Real Estate Industry in Liuzhou

In China, the city's status of real estate can be divided into 4 tiers according to their political status, economic power, city size and regional influence:
1. The first-tier city: Beijing, Shanghai, Guangzhou, Shenzhen, Tianjin
2. The second-tier city: Chongqing, Nanjing, Wuhan, Chengdu, Shenyang, etc. They are all regional central cities or Vice-provincial cities. Many of them are provincial capital cities.
3. The third-tier city: The prefecture-level city with strong economic power. Liuzhou is classed in this category.
4. The fourth-tier city: The other cities.
The real estate coordinated development with the natural beauty and preserving historical cultural heritage and it has accommodate the full range of incomes upon development plans which depend with "livable" high quality housing.

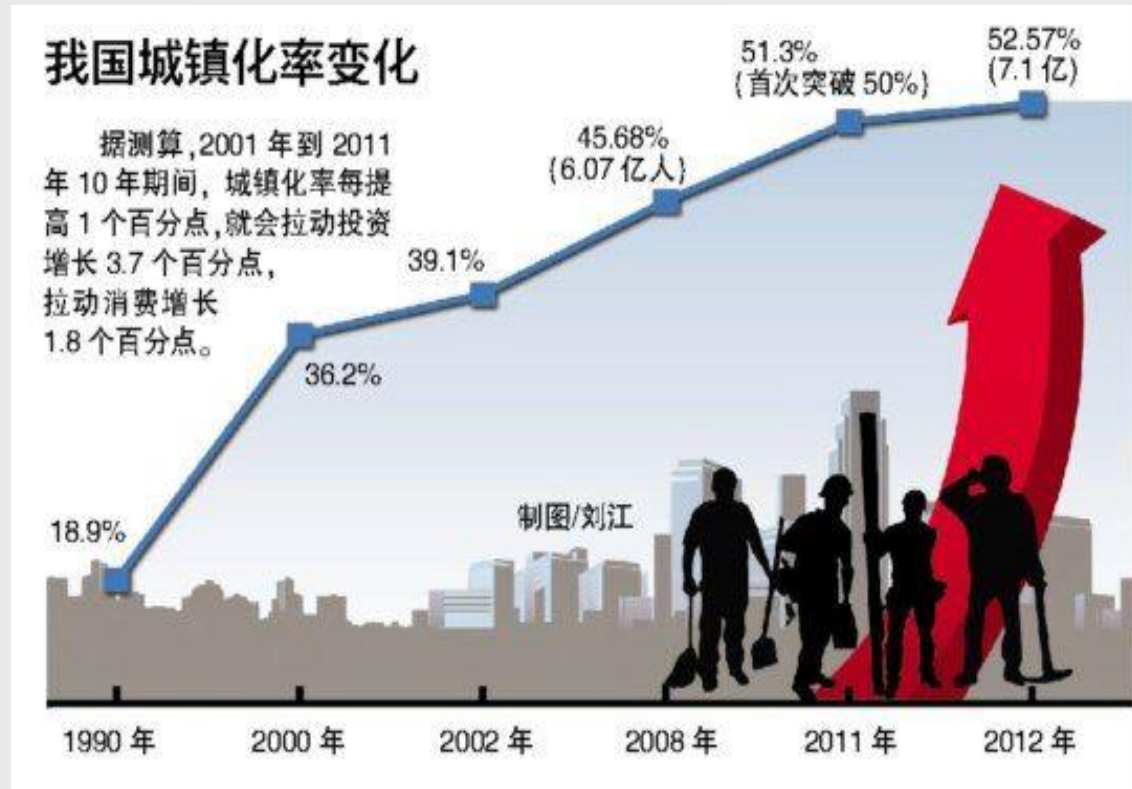


Homeownership for Chinese family

Homeownership: Chinese tradition concept

Home ownership is a prerequisite for happiness in China. In China, Housing involves many different income levels and sectors of the economy and has a profound influence on social life. There has been a traditional idea of housing ownership in China since ancient times that is closely linked to both marriage and employment. There is a Chinese saying, whose English equivalent is "a person who has property has constancy of purpose". Housing is a kind of private property with absolute demand for every person & Housing is a kind of valuable commodity in market. Therefore, It is necessary for government to supervise and adjust the housing market & Housing cannot be provided only by the government

Urbanization: The motivation of city development

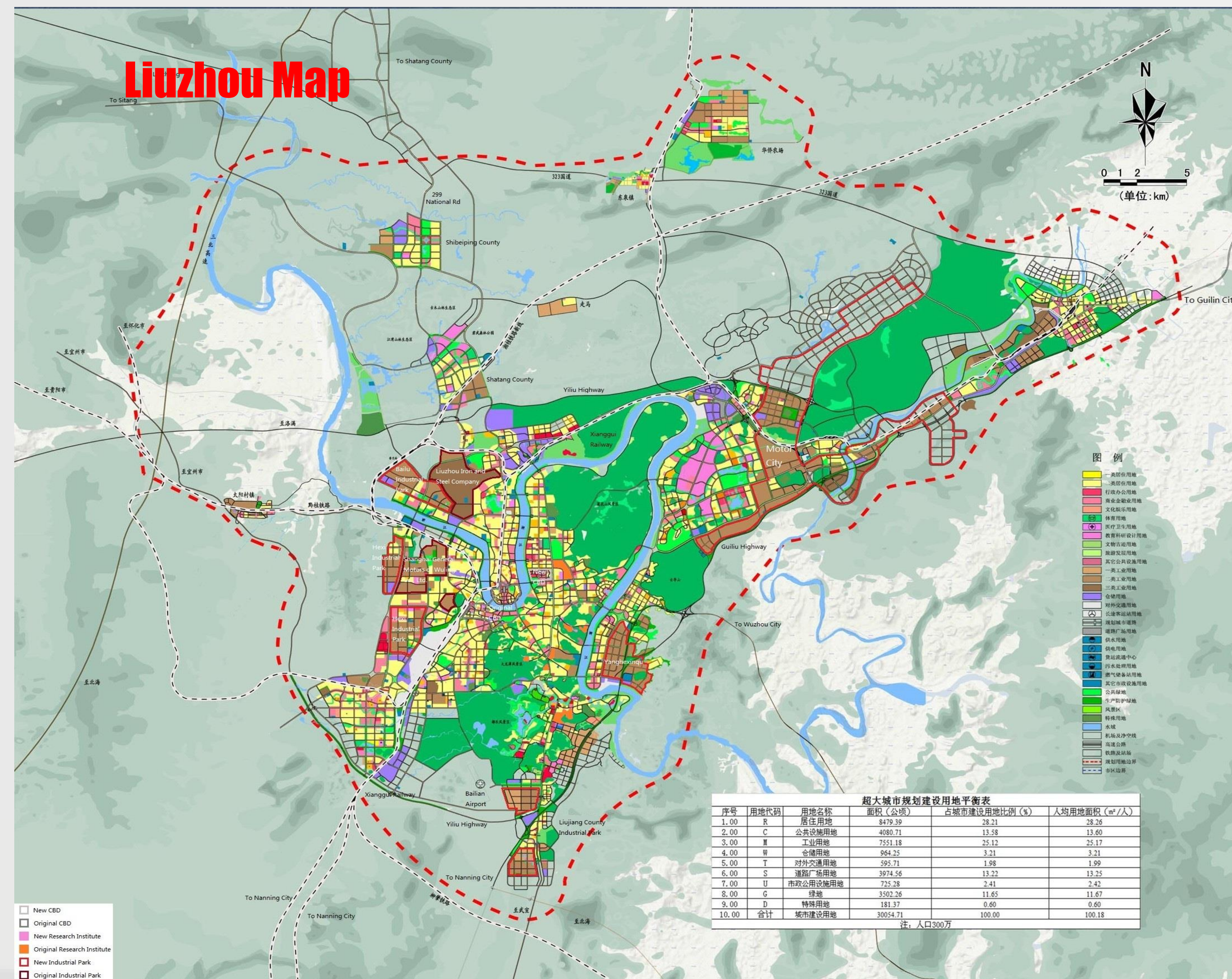


The above chart shows that Chinese urbanization rate increases from 18.9% in 1990 to 52.57% in 2012. The urban population reaches 710 millions in 2012.

The majority of demand for housing comes from the demand generated by the process of urbanization as large numbers of rural residents move to the city. Throughout China urbanization is expected to result in the movement of about 400 million rural residents to cities in the next 20 years.

By the end of 2015, the urbanization rate of Liuzhou would be at least 58%, which means about 800 thousands of rural residents will move to the city. Liuzhou is the industrial powerhouse in Guangxi province with a large work force of industrial workers, skilled technicians and professionals of all kinds. To maintain this status the city must provide an adequate supply of quality housing within the range price of all of the different income strata in order to accommodate them and make them comfortable working in the city.

Such a rate of urbanization is unique in the world and it creates a number of problems. Since housing is closely related to social stability, and the improvement of people's living standard, proper solutions to housing problems are essential to development of the labor and urban economy in Liuzhou and throughout China.



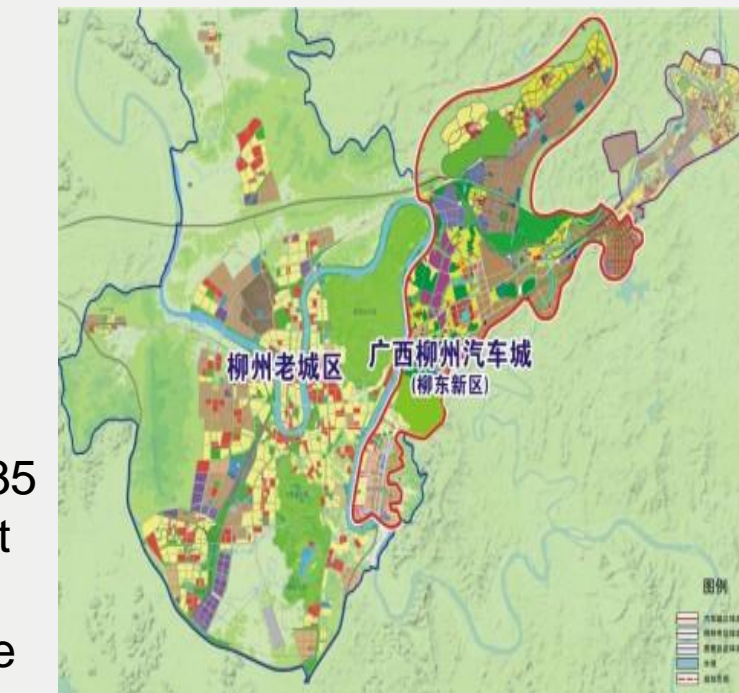
用地	用地代码	用地名称	用地面积 (公顷)	占城市建成区面积比例 (%)	人口承载量 (万人)
1.00	A	居住用地	8179.19	28.31	28.38
2.00	C	公共管理用地	489.71	1.70	1.80
3.00	B	工业用地	7311.18	25.33	25.17
4.00	E	仓储用地	962.20	3.32	3.33
5.00	T	对外交通用地	185.71	0.65	1.89
6.00	S	道路用地	2071.69	7.22	13.75
7.00	D	市政公用设施用地	722.28	2.41	2.42
8.00	Z	绿地	2002.76	6.88	18.07
9.00	U	特殊用地	181.37	0.63	0.80
10.00	合计	用地总面积	28474.71	100.00	100.78

Land problem for real estate industry of Liuzhou

The land resources inside Liuzhou are relatively scarce. How can the city deal with the explosion of the city's population caused by urbanization?

Develop new district

Liudong New District has developed since 2006. It is one of the 3 biggest new districts in Guangxi province. The planning land area is 135 square kilometers and it will be a second city center for Liuzhou in the future.



Upgrade the old town

From 2008, Liuzhou have updated old and dilapidated houses in the old core as relocation opens opportunities.



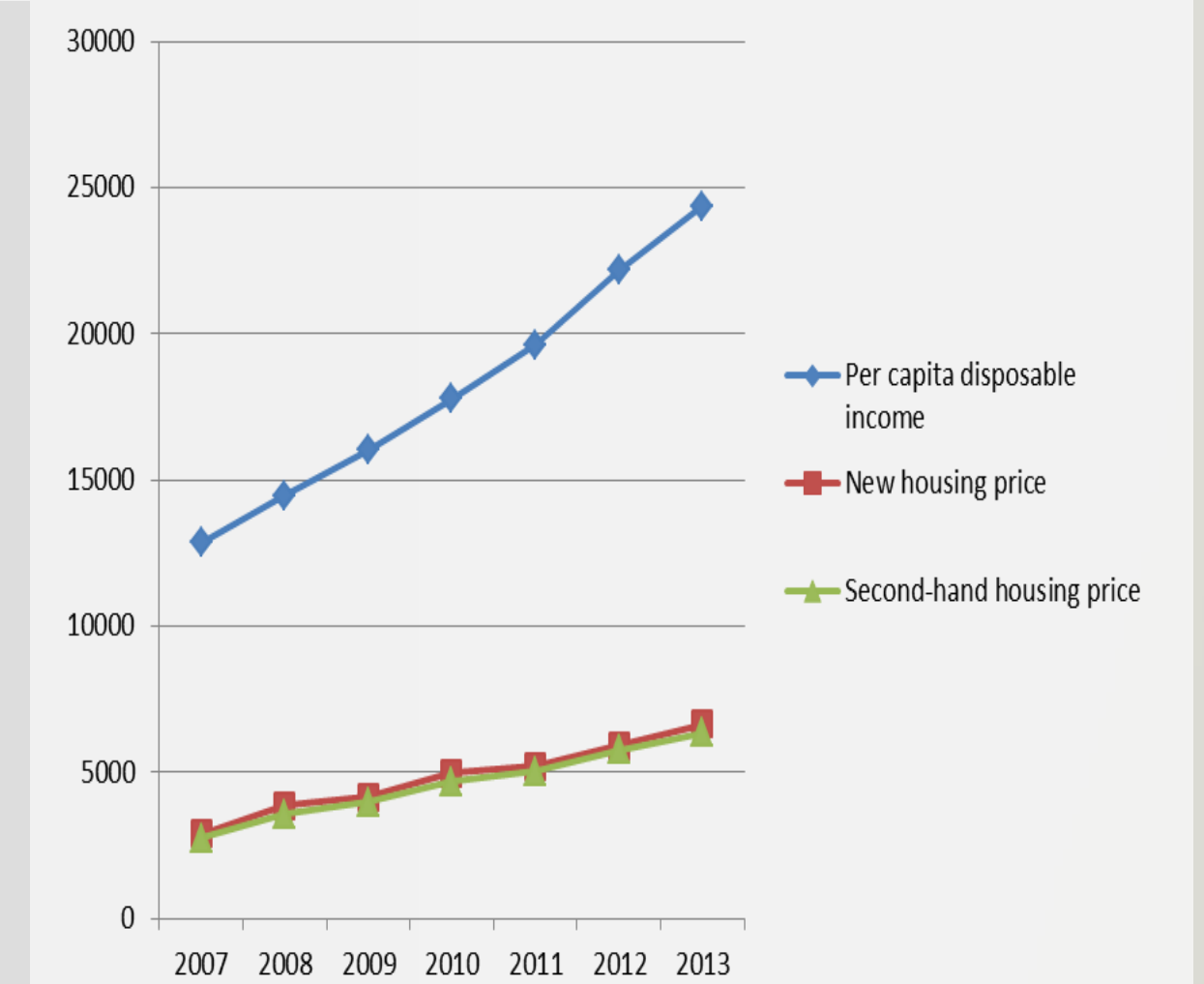
Market control For affordable housing supply

We can divide homebuyers into three categories which are Basic needs, Conditional improvement needs and Investment needs.

Because housing is a basic human survival need or a basic necessity of life, the first category must be guaranteed to every citizen. A stable and healthy real estate market must meet the basic housing need of all residents. On the other hand, government should regulate the real estate market to keep the other two categories healthy so that speculation beyond legitimate levels does not undermine provision of basic needs.

In the last 10 years, Liuzhou municipal government has implemented a series of financial and tax policies which have successfully regulated the real estate market and kept basic housing prices at affordable and reasonable levels. At the center of these efforts is the individual housing information system that provides the basis for the tax and financial policies. For example, for second-home buyers, the government makes home buying more expensive by raising down-payment rates on the second purchase and raising mortgage rates.

It's obvious that citizen's disposable income increases much faster than the price increase of housing price.



Housing price and income data clearly illustrate the impact of these effort. The diagram above illustrates the variation trend of the Per capita annual average disposable income, new-housing price and second-housing price from 2007 to 2013



Stratified Housing market for every citizen

With considerable variation within strata housing in Liuzhou is divided into three tiers:

1. High end Executive/Professional
2. Middle Income Technical/Service
3. Working Class.

High quality housing from high-end development company

In recent years, more and more domestic top level real estate development companies began construction of top-end estate development projects in Liuzhou.



Providing multiple options for middle class

Liuzhou has gradually set up an perfect intermediary market for second-hand house and real estate financial products—a whole new middle class industry. Safety and convenience are further improved by information management.

For instance, the association of real estate agents was established to regulate the behaviors of the estate agents and an online trading platform of housing was set up for the safety and transparency of estate transactions. By these measures, Liuzhou government provides top level services and a variety of housing options to its growing middle class.

Indemnification for Lower Income Families

Housing is a basic human right and necessity. It has two properties: the property of commodity and the property of social security. The government plays a vital role by helping the real estate industry fully meet the needs of lower income residents. The housing security system includes Economically affordable housing, Low-rent housing, Public rental housing and Old house renovation for enterprise workers.



Rapid development of indemnificatory housing

During the 11th five-year plan period, the construction of indemnificatory housing has been developed very fast in Liuzhou. By the end of 2020, Liuzhou will have had 130000 units of indemnificatory housing, which can solve the housing problem of 416000 citizens. The coverage rate of indemnificatory housing in Liuzhou will reach 23% by the end of the 12th five-year plan. Housing guarantee object will be further enlarged, and housing guarantee level, housing guarantee manner will be significant improved at that time.



The layout plan of Liuzhou indemnificatory housing



The scenery of indemnificatory housing