

# ***Comparative Study on China's Public Rental Housing System and Singapore's HDB System***

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**Abstract:** Against the backdrop of rapid global urbanization, housing issues have become an important challenge facing all countries. This paper explores China's public rental housing system and Singapore's public housing system as two core strategies for addressing urban housing challenges. China's public rental housing, which seeks to give security to middle-class and low-income families, has undergone multiple developmental stages since the 1980s and eventually formed a comprehensive system covering basic housing security. In contrast, Singapore's public housing system has emphasized the goal of "Home Ownership for All," promoted high homeownership rates, and covered a wider range of income groups since its implementation in the 1960s. This paper points out the key differences between the two systems regarding policy objectives, coverage, funding sources, and management efficiency. The paper concludes by examining the achievements and difficulties of Singapore's public housing scheme and drawing inspiration for improving China's public rental housing system in combination with China's actual situation. It also provides recommendations for addressing China's housing crisis and looking forward to China's future.

**Keywords:** Singapore, HDB, China public rental housing, housing security.

## **1. Introduction**

This section introduces China's public rental housing system and the public housing scheme in Singapore, including their initiation backgrounds and current statuses. Housing concerns have grown to be a major problem for many nations in the context of the world's fast urbanization. Governments implement public housing policies to address these challenges and alleviate housing pressures on low- and middle-income groups. China's public rental housing and Singapore's public housing system are two primary strategies developed by these nations to tackle urban housing problems.

China's public rental housing is intended to house certain low- and middle-income urban households, such as families experiencing housing instability, recently hired workers without a place to live, and migrant workers with steady jobs in cities. This system traces its origins to the 1980s and 1990s. The "Notice of the State Council on Deepening the Reform of the Urban Housing System and Accelerating Housing Construction", issued in 1998, marked a shift from the original model of physical housing distribution to a monetized system. A multi-tiered urban housing supply system comprising low-rent housing, economically affordable housing, and other types of housing security was advocated in this notice. This period also represents the early development stage of public rental housing. Since entering the 21st century, the Chinese government has intensified its management and

enhancement of public housing policies. Several public rental housing management systems and operational models have been established, and public rental housing has been widely implemented nationwide as a main solution to the housing challenges faced by the middle and lower classes. Despite some successes in constructing public rental housing, challenges still need to be addressed due to China's large population, including equitable distribution, management efficiency, and policy promotion.

Singapore's Housing and Development Board (HDB) system represents another successful housing policy. Implemented in the 1960s, this system has effectively addressed the housing shortage in Singapore, providing stable housing conditions for many citizens. The core concept of the HDB is "Home Ownership for All." The Singaporean government encourages residents to purchase HDB flats by offering low-interest loans and housing subsidies, which has successfully increased the homeownership rate among citizens. The HDB system is highly flexible and adaptable, accommodating various income groups and facilitating a second-hand HDB market. Additionally, HDB communities have complete facilities and pleasant environments, enhancing residents' quality of life and sense of community belonging. The Singaporean government ensures the long-term effectiveness and equity of the HDB system through stringent policy management and scientific urban planning.

This paper explores the similarities and differences between China's public rental housing and Singapore's HDB system. The first part will outline the research background and objectives. The second part will describe China's public rental housing system. The third part will detail Singapore's HDB system. The fourth part will compare the two systems. Finally, the fifth part summarizes the findings and presents recommendations and prospects.

## **2. Manuscript Preparation China's Public Rental Housing System**

### **2.1. Historical Evolution of China's Public Rental Housing System**

China's public rental housing development can be divided into five stages. The first stage began with the issuance of the "Notice of the State Council on Deepening the Reform of the Urban Housing System and Accelerating Housing Construction" on July 3, 1998. This signaled the creation of a multi-level urban housing supply system focused on inexpensive housing and a departure from the initial paradigm of physical housing distribution to a commercialized system. Concurrently, the government promoted housing finance development and standardized the housing transaction market. In the second stage, introduced in 1998, the low-rent housing system aimed to address the housing difficulties of the lowest-income families. The third stage began in 1999 with the initial establishment and gradual implementation of the public rental housing policy, which provided basic housing security for low-income groups through government-subsidized rentals below market price. In the fourth stage, in 2014, China merged public rental and low-rent housing into a cohesive public rental housing policy to enhance operational efficiency. The fifth stage commenced in 2019, responding to increasing housing demands, particularly from university graduates. This stage introduced a system of guaranteed rental housing. Using these staged measures, China's housing security system has broadened its scope more thoroughly and methodically, meeting the housing requirements of diverse socioeconomic groups and income levels.

### **2.2. Policy System, Management Organization, and Allocation Mechanism**

#### **2.2.1. Policy System**

The "Opinions of the State Council on Accelerating the Development of Affordable Rental Housing" (2021) states that affordable rental housing primarily addresses the housing difficulties of eligible

new citizens and young people [1]. This housing mainly consists of small units with a construction area not exceeding 70 square meters and rents lower than comparable market rental housing [1]. The municipal government is responsible for reasonably determining the specific entry and exit conditions and the area of small units based on basic guarantee principles. Additionally, To create city-specific policies that successfully boost housing supply, the government should analyze the need for reasonably priced rental housing, appraise the land and housing resources that are currently available, and integrate supply, demand, and rental quality. The government must also scientifically develop the construction goals and annual plans for affordable rental housing under the "14th Five-Year Plan" and make this public.

### **2.2.2. Management Organization**

The State Council's "Opinions on Accelerating the Development of Affordable Rental Housing" (2021) emphasizes the establishment of housing rental management service platforms by local governments to enhance oversight throughout the construction, leasing, and operation of affordable rental housing, ensuring project quality and safety [1]. Operating in violation of legislation or cheating preferred programs is completely forbidden, and affordable rental housing cannot be sold or offered in any disguised form.

### **2.2.3. Allocation Mechanism**

According to the "Regulations on the Administration of Public Rental Housing," the housing security authorities of municipal and county people's governments may use comprehensive scoring, random lottery, or other methods to determine the allocation and ranking of candidates who pass the review. The relevant process and results should be made public. Additionally, those who qualify for preferential treatment, such as the lonely, elderly, sick, and disabled, can be given priority in public rental housing [2].

## **2.3. Implementation Effect**

After China gradually promoted the public rental housing system, the coverage of housing security has steadily expanded. By the end of 2016, 11.26 million households had shifted to public rental housing; by the end of 2020, China's public rental housing policy had helped more than 38 million people meet their housing needs, and more than 22 million members of underprivileged groups received housing rental subsidies [3]. Particularly in big cities with high housing costs, public rental housing has successfully addressed the housing issues of families with low- and middle-income migrant workers and recently hired college students by giving them inexpensive housing options. However, despite its outstanding achievements, it still needs problems, such as an imbalance between supply and demand and imperfect management. For example, from 2016 to 2020, there were still 118,000 families waiting for public rental housing in Beijing, with more than 20,000 new registered families each year, leading to a serious shortage of public rental housing in the city.

## **3. The Origin and Development of Singapore's Public Housing System**

### **3.1. Development Process**

The development of Singapore's public housing system can be divided into four stages. The first stage was from 1927 to 1959. Since the 1920s, due to many overseas immigrants, Singapore's population has proliferated, leading to a rapid increase in housing demand. The Singapore Improvement Trust (SIT) was founded by the British colonial government in 1927 to address the disparity between housing supply and demand, and public housing planning and construction got underway almost once.

The second stage was from 1960 to 1970. The rapid growth of Singapore's birth rate led to a continuous housing shortage. Singapore established the Housing and Development Board (HDB) to expedite improving housing conditions. Singapore launched the "Home Ownership Scheme" and the "Central Provident Fund Approved Housing Scheme" in 1964 and 1968, respectively. The third stage was from 1970 to 1990. During this period, the HDB established a resale market for public housing apartments, increasing the liquidity of public housing. The fourth stage is from 1990 to the present. As the income of Singapore residents continues to rise, the focus of housing policy has shifted towards improving the quality of life for residents. The HDB has upgraded old flats and designed innovative, environmentally friendly residences that integrate local architectural styles. Additionally, to meet the needs of middle- and high-income families, Singapore has launched executive public housing. This type of housing lies between rental and private apartments, enjoys housing subsidies and can be privatized after a few years.

## **3.2. Institutional Framework**

### **3.2.1. The Uniqueness of Singapore's Public Housing System**

The uniqueness of Singapore's public housing system is evident in its wide coverage, strong policy support, and diversified social functions. According to "Lianhe Zaobao," as of October 2020, the Singapore government has launched over 1 million public housing units in more than 20 towns, covering 80% of residents. The homeownership rate among these residents is as high as 90%, and the per capita living area is 30 square meters [4]. In addition, the government helps residents afford houses through the 'Central Provident Fund' system and housing subsidies, allowing most people to own property at a lower cost. Finally, the public housing system also promotes social harmony, ensures mixed residence of different races and income groups, avoids the formation of slums, and enhances overall social cohesion.

### **3.2.2. The Government's Leading Role in the Allocation of HDB Flats**

First, when the government decides on the allocation of HDB flats, it sets a priority selection, giving priority to newlyweds, first-time homebuyers, low-income families, etc. Furthermore, the applicants must be Singapore citizens or permanent residents, ensuring the fairness of the allocation. Second, the government introduced the Central Provident Fund (CPF) to help pay for down payments and loans while providing housing subsidies to alleviate the pressure of buying a house. Data shows that government subsidies comprised an average of 31.8% of the HDB's housing sales revenue between 2015 and 2020. among them, in the 2019-2020 fiscal year, the Singapore government subsidized the HDB with S\$2.69 billion [5]. In addition, a considerable part of the subsidies received by the HDB came indirectly from the CPF [5]. Third, the HDB implements a lottery system to ensure the openness and fairness of the allocation process. Fourth, the government introduced a racial quota system to ensure each community's diversity and social harmony. Fifth, to provide the rational use of public housing resources, the government has introduced restrictions on the resale of HDB flats, stipulating that HDB flat buyers must hold their houses for at least five years before purchasing them before reselling them on the market. The resale targets are also strictly controlled. If there are any violations in the resale process, the parties involved will be fined heavily or arrested and imprisoned [5].

### **3.2.3. Phased Housing Construction Plan**

The pre-sale model is a new HDB flat sales method introduced by the HDB of Singapore in 2006, known as "sell first, build later." First, the HDB will announce specific information about the upcoming HDB project, such as the location, room type, and price, so that applicants can understand

the details. Then, the applicants apply according to their personal needs, and the HDB will then select applicants through a lottery system and invite them to choose the HDB unit type and other contents. Only when the reservation rate of the project reaches more than 70% the HDB will start the building process and officially begin the construction of the HDB flats. After the HDB flats are built, applicants can go through the check-in procedures and complete the home purchase process [6]. This model effectively reduces the vacancy rate and ensures the rational use of housing resources.

### 3.3. Implementation Effect

Singapore's public housing policy has significantly increased the homeownership rate to about 90%, indicating that most low- and middle-income families can afford housing. By 2023, about 80% of Singaporeans will reside in public housing built by the HDB, and the government also provides a variety of subsidies to ensure that citizens can buy houses at relatively low prices. In addition, the government strictly manages the distribution of various ethnic groups in public housing, promoting social integration and economic development. However, this policy still needs to improve, such as rising housing prices and the cost of renovating old houses. However, this policy is still regarded as a successful model of global housing security and has successfully promoted social stability and sustainable development.

## 4. Advantages and Disadvantages

### 4.1. Policy Objectives

Singapore's public housing policy considers "Home Ownership of All" its main goal. It is committed to encouraging citizens to buy houses, increasing homeownership rates, and ensuring that all residents with housing needs can live in public housing. In contrast, China's public rental housing policy mainly targets the "middle class" group, people with low incomes who do not qualify for affordable or low-rent housing. At the same time, countries should promote the idea that houses are for living in, not for "speculation." The Chinese government has always adhered to the concept of "people-oriented and governing for the people." Therefore, to guarantee the healthy growth of the real estate market, the Chinese government should build a long-term mechanism based on the actual income level of residents and local housing costs when it comes to people's life difficulties [7]. To ensure that public welfare does not spill over and public resources are distributed fairly, the Singapore government has formulated a series of regulations to regulate the behavior of entities, curb "opportunism" and housing speculation in the public housing market, and ensure the "welfare nature" of public housing [6].

### 4.2. Coverage

Regarding coverage, China's public rental housing policy has certain limitations compared to Singapore. Singapore's public housing has a tiered design approach to accommodate the housing demands of families with varying income levels. It offers a wide range of housing options, not only for low-income groups but also for middle- and upper-middle-class families. China's public rental housing is mainly for low-income groups without houses, especially new employees, migrant workers, and other vulnerable groups.

### 4.3. Financial Support and Subsidy Policies

Singapore introduced the Central Provident Fund system to allow residents to use their savings to buy houses, reducing the financial burden of buying houses for residents. The subsidies provided by the government further lowered the threshold for buying houses. Public rental housing in China is primarily financed by government and private sector investments. China's public rental housing offers



low-income groups and migrant workers an affordable housing choice. In contrast to Singapore's public housing purchase scheme, the rental level is typically lower than the market price. To give citizens additional financial help, the Chinese government should create a multi-level housing security system and increase the funding sources for inexpensive housing. According to expert estimates, the proportion of high-income people in my country is relatively small, and the middle and low-income groups account for more than 85% of the total number of households. However, in recent years, the investment in the construction of affordable housing for middle and low-income people has only accounted for about 6% of the total investment each year, and the coverage is only 7% [8]. Resources are generally limited, and the supply and demand for affordable housing need to be balanced. To encourage the building of affordable housing, it is essential to expand investment, generate money through various channels, utilize financial instruments to their fullest, and establish specific funds [8].

## 5. Conclusion

In summary, China's public rental housing system and Singapore's public housing system have their characteristics in dealing with urban housing problems, reflecting the thinking and practice of different countries in housing security policies. Singapore's public housing system takes "Home Ownership of All" as its core goal, emphasizes the national homeownership rate and social stability, covers various income groups, and ensures sustainability through flexible policy support and scientific management. In contrast, China's public rental housing policy mainly focuses on low-income groups. However, there are still deficiencies in coverage, financial support, subsidy policies, etc., especially in supporting the "middle class" group, which needs strengthening. Under the current economic and social background, the challenges faced by the Chinese government in security are mainly reflected in the imbalance between supply and demand, imperfect management, and shortage of funds. Therefore, it is recommended that the Chinese government take corresponding measures in the future. First, the policy system should be improved, the goals of housing security policies further clarified, and the focus should be on long-term rather than short-term housing issues. This improvement can enhance residents' sense of belonging. Second, improve management efficiency. When allocating housing, Singapore advocates a fair and open allocation process. The Chinese government should strengthen information management and improve transparency and fairness. Third, the government should raise funds through multiple channels to increase the funding sources for affordable housing. In the future, China can learn from Singapore's experience and achieve greater innovation and breakthroughs in housing security policies to promote the harmonious development of society and sustainable economic growth.

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