

# ***Housing Subsidies for College Graduates in China: Challenges and Policy Evaluation***

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**Abstract:** With the continually rising housing prices and increasingly fierce competition for employment, college graduates are confronting multiple challenges, including difficulty in employment and housing, and psychological pressure. They urgently require effective policy support. This paper aims to evaluate the current housing subsidy policies for college graduates in China, examining both their effectiveness and shortcomings and offering targeted recommendations for improvement. Current measures include cash subsidies, home purchase incentives, rent reductions, and free accommodation. The study finds that although these initiatives provide short-term financial relief and help enhance employment quality, they still fall short in terms of publicity, execution, long-term sustainability, and fairness. Considering these issues, the paper proposes extending the duration of subsidies, relaxing the criteria, diversifying policy instruments, reinforcing employment support measures, and promoting balanced regional development. The findings of this study not only offer valuable insights for policymakers to design more robust housing support strategies but also establish a solid foundation for future research in the related field.

**Keywords:** college graduates, housing subsidies, policy evaluation, regional development gap

## **1. Introduction**

Facing the transition from school to society, college graduates, characterized by limited experience and income, insufficient purchasing power for real estate, and high expectations from themselves and society, are experiencing huge challenges. According to the forecast data released by the Ministry of Education, the overall scale of college graduates in 2025 is expected to reach 12.22 million, exacerbating the fierce and stressful competition in the job market. College graduates' educational backgrounds are always mismatched with the job opportunities and their expectations. The rise in living costs, particularly housing, leads to financial pressure, making it even more complicated. Meanwhile, the lack of legal knowledge and government funding also exacerbate the barriers young people face [1]. Due to these reasons, housing affordability has become a problem, intensifying economic instability and impeding employment.

To solve this problem and attract talents, local governments are rolling out housing subsidies in a bid to ease the burden on graduates and boost employment. At present, the most common form of housing subsidy in China is the monthly subsidy, which is provided for college graduates who are newly employed or self-employed based on their educational levels. For example, Nanjing's current policy is a monthly rental subsidy of 2,000 yuan per person for a doctor's degree, 800 yuan per month

for a master's, and 600 yuan per month for a bachelor's (including senior workers and above), with the total subsidy period no more than 36 months. The subsidies will be higher for fresh graduates in the key industrial fields in Nanjing.

Previous research finds that the housing subsidy policy increases the attractiveness of cities to young talents, promotes the accumulation of talent, and then improves the agglomeration level of producer services in cities [2]. However, in some cities, it has been found that although the housing subsidy policy is attractive to talents, people's satisfaction with the existing policy remains low. This is evident in the policy's diminishing effectiveness in retaining talents; Nanjing is one such example [3]. Undeniably, there are still many problems in the existing housing subsidy policies, such as insufficient publicity, limited role, fairness to be considered, and little attention to the psychological needs of fresh graduates [4-6].

Despite these discussions, research that comprehensively examines policies nationwide and offers overall opinions remains limited. This paper aims to fill this gap by exploring the role of housing subsidies in addressing the housing and employment issues facing recent college graduates in China, identifying existing problems, and suggesting improvements. Through an analysis of government policies and relevant data, this paper finds that while housing subsidies alleviate the immediate financial burden on recent graduates, the long-term impact on employment remains uncertain, and the subsidies are insufficient to address the physical and mental challenges college graduates encounter regarding employment and housing. The policies themselves also require further refinement. This paper additionally offers suggestions for improving existing policies, providing new perspectives and recommendations for the housing and employment issues affecting college students, and enriching the current literature.

## 2. Overview of current problems faced by college graduates

In recent years, university graduates have gradually become the “squeezed middle” in urban areas. Facing both intense job competition and heavy financial pressure, they earn too much to qualify for low-income welfare but not enough to cover high living costs.

On the one hand, employment competition is fierce. According to the Ministry of Education, the number of university graduates has risen steadily from 2015 to 2025 and is expected to reach 12.22 million in 2025 (Figure 1). This surge has intensified competition for jobs. Reports from Zhaopin.com, a leading Chinese online recruitment platform, show that the proportion of college graduates securing direct employment has declined from 75.8% in 2020 to 55.5% in 2024 (Figure 2), highlighting the increasing difficulty in searching for jobs.

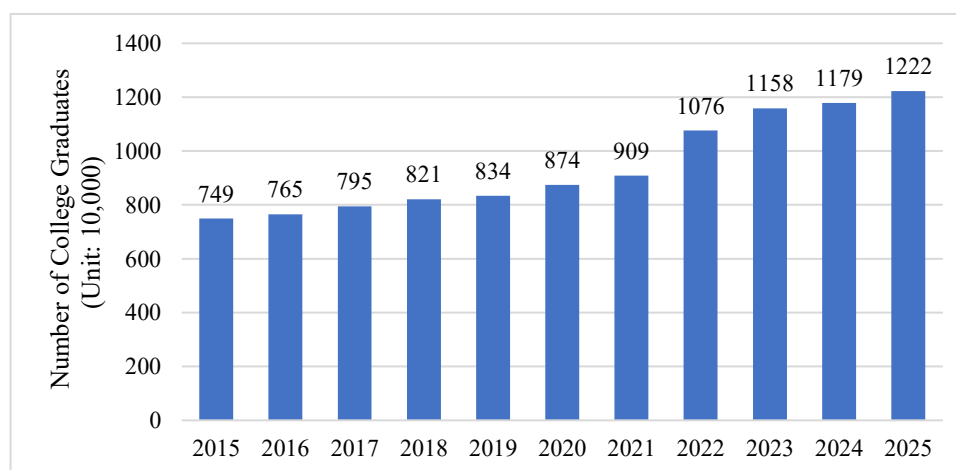


Figure 1: Number of college graduates from 2015 to 2025 (data from: ministry of education)

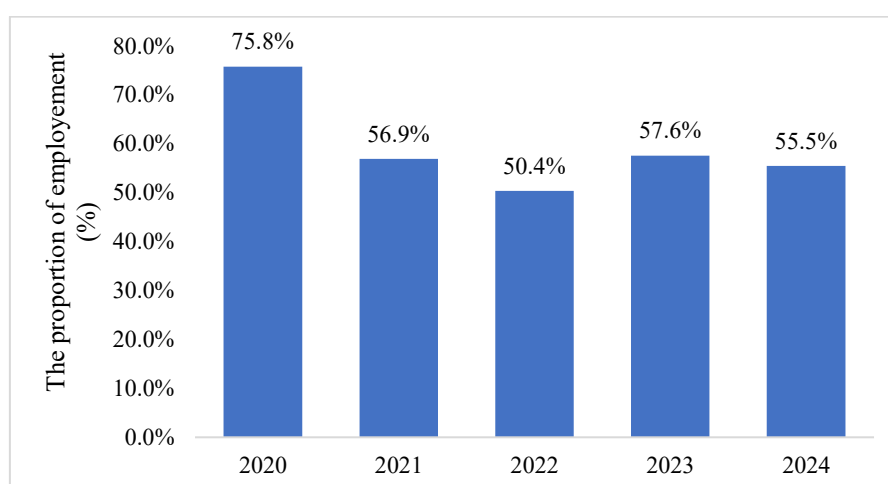


Figure 2: Employment rate of fresh college graduates (data from: Zhaopin.com)

On the other hand, graduates also face significant financial stress. With limited work experience, their starting salaries are low, while living costs remain high, where housing expenses are a major burden, especially in first-tier cities. According to a 2023 E-house China Research and Development Institute report, the average rent-to-income ratio in 30 key cities was 29%, meaning nearly 30% of income went to rent. In cities like Beijing, Sanya, Shanghai, Shenzhen, and Haikou (from high to low), this ratio exceeded 40%, with Beijing reaching 55%. This financial strain further pressures graduates trying to establish themselves.

Given these challenges, addressing the housing difficulties of college graduates is crucial. Evaluating the effectiveness of existing housing policies and exploring necessary improvements have become significant issues for policymakers.

### 3. Root cause analysis and policy evaluation

#### 3.1. Root cause

The housing predicament faced by recent college graduates is not only due to their low income and high expectations but also related to structural issues in the society.

Firstly, from the perspective of graduates' characteristics, recent graduates have just entered the society, generally lacking work experience, with low starting salaries and limited savings. This makes them less capable of affording high housing prices or rents. Moreover, both graduates and society have high expectations of themselves, considering stable housing an important symbol of career success and social status, which intensifies their psychological and economic pressure regarding housing.

Secondly, the number of college graduates has been increasing, while high-quality job opportunities remain relatively limited, leading to fierce competition and a significant mismatch between educational background and available jobs. This results in an imbalance between income levels and expectations. The low quality of employment makes it difficult for graduates to meet basic living needs, and housing has become a heavy burden.

Furthermore, the imbalance in regional economic development is an important factor. Although first-tier cities offer higher salaries, the fierce competition and continuously rising housing prices and rents make it increasingly difficult for graduates to achieve economic independence and housing stability. The largest cities have the most promising opportunities but are also where the competition for space is the fiercest [7]. In contrast, while second and third-tier cities have a lower cost of living, their relatively low salaries make graduates less inclined to work there.

Overall, the mismatch between low income and high expectations, growing numbers of graduates, limited high-quality job opportunities, and regional economic imbalances collectively constitute the fundamental predicament of the current housing problem. These factors pose challenges for graduates in employment and housing choices and impose long-term constraints on urban economic stability and talent attraction.

### 3.2. Current policy

At present, many regions in China have implemented housing subsidy policies for college graduates to solve the problem. Different places have different subsidy models.

Cash subsidies are currently the most common model, which has been implemented in cities such as Nanjing and Qingdao. For instance, Qingdao's latest policy stipulates that college graduates with Hukou (local household registration in China), who are employed or self-employed in the city and paying insurance as required, can receive monthly subsidies based on their academic qualifications. The subsidy is 500 yuan for undergraduates, 800 yuan for postgraduates, and 1,200 yuan for doctoral students.

Housing purchase subsidies are also widely used. Taking Dalian as an example, the city issues housing purchase vouchers to eligible college graduates to support them in purchasing new commercial housing in the four urban districts. Eligible doctoral, master's, and bachelor's degree graduates can receive 100,000 yuan, 50,000 yuan, and 30,000 yuan in housing purchase vouchers respectively, while graduates from junior colleges, vocational schools can receive 30,000 yuan in housing purchase vouchers.

In addition to these common models, some cities have recently introduced new subsidy models. The phased rent reduction policy is one of them. Zhuhai is a typical example. Zhuhai's "One Free and Two Reductions" housing security policy in 2025 provides young talents who come to Zhuhai for employment or entrepreneurship with free accommodation for the first year, a 70% rent reduction for the second year, and a 50% rent reduction for the third year, thereby alleviating the housing pressure of graduates during the transition period.

Furthermore, free accommodation support policies have been introduced in cities such as Shenzhen, Xiamen, and Shanghai. In 2025, Shanghai's "Youth Station" online platform was officially launched, providing transitional housing support for college graduates seeking employment. Eligible applicants can enjoy up to 3 days of free accommodation per application, with a cumulative total of no more than 15 days throughout the year.

Overall, China's new policies are gradually becoming more diverse. Although traditional cash housing subsidies and housing purchase subsidies in many cities still require Hukou (some cities have relaxed restrictions for foreign and Hong Kong, Macao, and Taiwan graduates), emerging models such as phased rent reduction and free accommodation often do not impose strict Hukou requirements, aiming to cover a wider range of young talent groups and assist them in their job search.

### 3.3. Policy impact

The current housing subsidy policies do provide direct assistance in the short term to alleviate the economic pressure faced by college graduates through measures such as cash distribution, rent reduction, home purchase discounts, and accommodation support. They have eased the housing pressure on recent college graduates, increased their disposable income, and driven the rise of their deposits [8]. They have also enhanced the attractiveness of cities to young talents, promoted talent aggregation, and thereby raised the level of agglomeration of urban productive service industries [9]. Moreover, policies like free accommodation have reduced the financial burden on college graduates

during their job search, encouraging them to seek better employment opportunities and thereby improving the overall quality of employment.

However, the long-term effects of these subsidy policies remain uncertain, and their impact may still be limited. Issues of fairness persist, such as qualification requirements like Hukou which may lead to unfairness among graduates, and it is more likely that recent graduates from outside the city who lack local residencies will not receive the corresponding support. Insufficient publicity and poor implementation have led many college graduates to be unaware of the policies, thus failing to claim the subsidies. The satisfaction with the existing policies in some regions is also relatively low. Moreover, the policy only focuses on economic issues and fails to address the psychological pressure that college graduates face during the transition from school to society. In addition, it cannot fundamentally solve the imbalanced supply and demand in the housing and job markets and regional imbalances. At the same time, due to the policy's bias towards specific cities, it may unintentionally exacerbate the disparities in regional economic development, causing less developed regions to fall further behind.

#### 4. Policy suggestions

To address the problems in the current policy, this paper puts forward several suggestions for improvement.

First, regarding the housing subsidy policy itself, the government should extend the subsidy period to provide long-term support for college graduates while relaxing eligibility criteria to include non-local Hukou and flexible employment. In addition to traditional cash and home purchase subsidies, diversified forms such as rent reductions, and free accommodation should be explored. Furthermore, the government could offer psychological counseling services to help graduates alleviate stress and facilitate a smoother transition from school to society. At the same time, the government should increase publicity and let more people know how to receive subsidies.

Second, the housing subsidy policy should be integrated with employment support. The government can encourage enterprises to collaborate with colleges and universities to establish talent apartments or offer housing benefits alongside employment opportunities, thereby easing the dual pressure of job hunting and housing for graduates. Additionally, vocational training programs should be provided to help graduates better adapt to market demands and secure suitable positions.

Moreover, the government should promote the development of emerging industries. By supporting sectors such as the digital economy, green energy, and other innovative fields, more job opportunities can be created, fostering entrepreneurship among college graduates, and ultimately boosting employment.

Finally, to alleviate the intense competition for talent in first-tier cities, coordinated regional development should be encouraged. For second-tier cities, additional incentives to attract talent should be emphasized, such as subsidies for purchasing and renting houses; for third-, fourth- and fifth-tier cities, considering that local governments can take advantage of industrial transfer from surrounding cities, they should provide more competitive employment opportunities [10]. Increasing financial and resource support for these cities can not only guide talent mobility but also contribute to a more balanced development of human resources, economic growth, and regional prosperity.

#### 5. Conclusion

With the increasing economic pressures, rising housing prices, and growing competition for jobs, college graduates are faced with multiple dilemmas, such as housing difficulties, employment pressures, and psychological burdens. In response to these problems, the government has introduced a series of housing subsidy policies. This paper analyzes the effectiveness and shortcomings of the

existing housing subsidy policies and proposes targeted improvement measures. It is found that although various policies, such as cash subsidies, housing purchase subsidies, rent reductions, and free accommodation, have eased the economic pressure on graduates in the short term and helped improve employment quality to some extent, these policies still suffer from insufficient publicity and implementation, uncertain long-term effects, and fairness concerns. The article further puts forward proposals to increase publicity, extend the subsidy period, expand the scope of benefits, explore diversified policy forms, strengthen employment support, and promote coordinated regional development, hoping to fundamentally improve the housing and employment problems of college graduates and promote balanced regional economic development. The analysis in this paper provides useful references for the government to formulate more scientific and effective housing subsidy policies, and it also lays the foundation for future research in related fields.

However, there are some limitations in this paper. First, due to the limitations of data sources and policy evaluation methods, this paper lacks sufficient quantitative analyses, and some of the conclusions rely more on qualitative analyses without the support of large sample data. Second, most of the current college graduates have experienced the COVID-19 epidemic and face more intense competition in the job search process after it. This article has not adequately considered the impact of the epidemic on fresh graduates' employment and housing problems. Future studies should strengthen quantitative analysis to make more detailed comparisons and assessments of the challenges college graduates face in the post-epidemic era and related policies in order to provide a solid foundation for the government to formulate more effective housing and employment support policies.

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