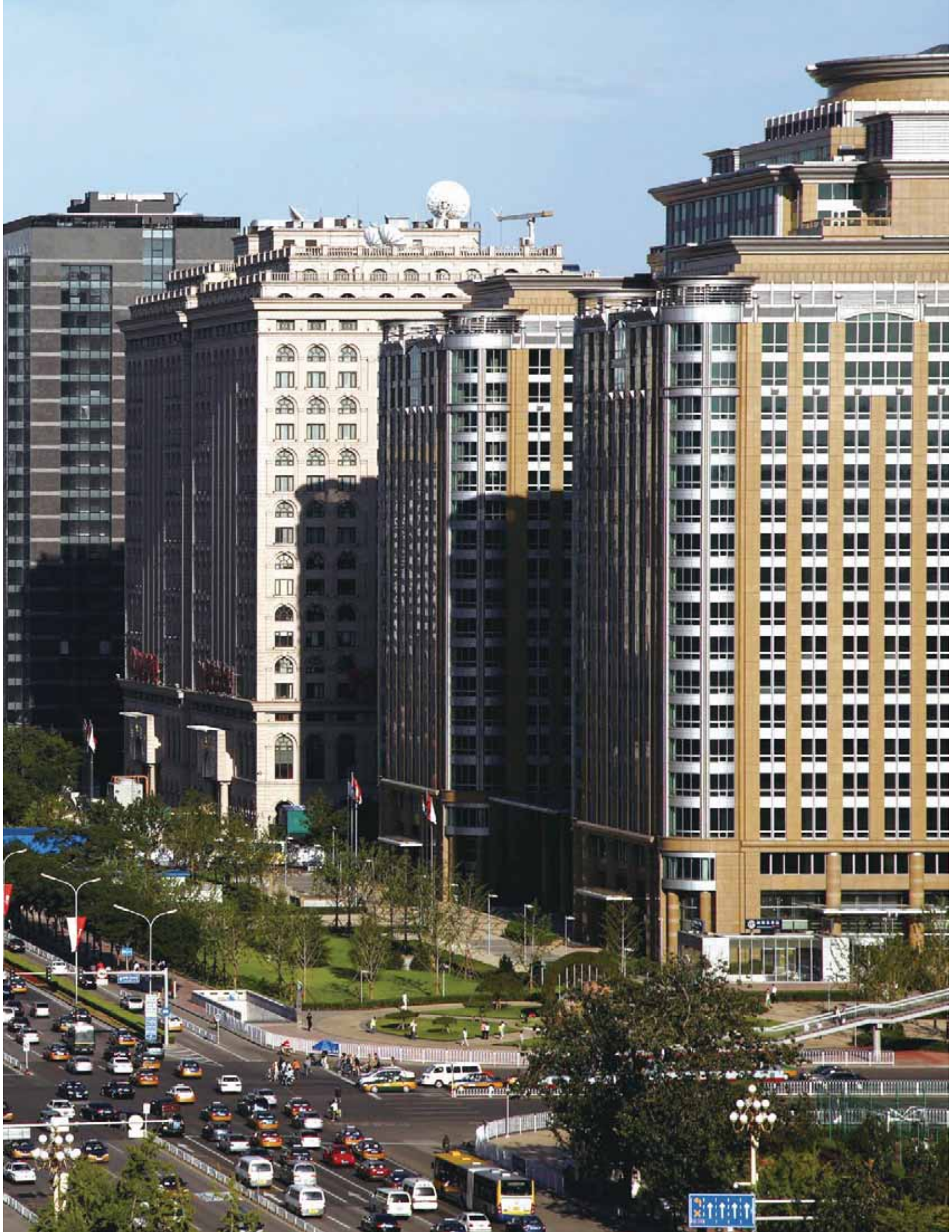


Chapter Two

02

Urban Housing Development in China





1 Retrospect of Urban Housing Development and Policies

As the urban-rural dual structure in China has the distinct features, there are significant differences between the urban and rural housing. Before the liberation in 1949, more than 70% of Chinese urban households lived in one-room of tile-roofed houses or mud houses with 3 to 5 family members and the rent was shockingly expensive. After the founding of new China, an in-kind distribution system was implemented for urban housing, featuring “investment by the State Government and employers, public property right, unified management and distribution, and maintaining the houses by rents”. After the Reform and Open-up, the in-kind distribution system was replaced by the monetary distribution system gradually. The rural houses were constructed by villagers using the free house land and the self-financed funds, and such practice remains nowadays.

1.1 Progressive Reform of the Housing System

After the founding of new China, as the state government began to implement the planned economic system, the development and supply of houses was implemented under the urban-rural dual system, similar to other socio-economic activities in the early stage of socialism. The national housing policy was only applied to the cities and towns, but not the rural areas. The houses of rural residents are all managed by the rural residents. In urban areas, the scheme of housing development and distribution was implemented where the “welfare” houses with the features of “low rent, high subsidies, distribution in kind” were uniformly managed and distributed by the state government. The government or the employers were fully responsible for the development, management and maintenance of houses. The houses were the state-owned property and distributed in kind, while the employees only paid a very low rent. This “welfare” urban housing system played a positive role under the specific historical conditions. However, this system was inefficient in allocation of resources and not conducive to a virtuous cycle of housing investment. Therefore, the state government and the employers took a heavy burden in the development, maintenance and management of the houses. Moreover, the end beneficiaries of this housing system were the employees of the state-owned enterprises, while other urban residents were neglected in the worst conditions and with the most difficulties.

According to statistics, during the period from the founding of new China to the beginning of the policy of reform and opening-up, the state government put investments of RMB 37.4 billion accumulatively in residential houses and developed 530 million square meters of residential houses. But those investments and developments could not satisfy the needs of the growing urban population. In 1978, the housing construction

area per capita was only 6.7 square meters in 190 cities nationwide, and roughly half of urban households were lack of or had no housing. Large numbers of residents lived in very uncomfortable and inconvenient corridor-shared apartments, tenement yards and shanty towns. As a result, it was often that two families shared a house and several generations squeezed in a house. Housing strategy became one of the most serious problems in the urban communities at that time.

The housing system reform was launched in 1980. The “welfare” housing system in the urban areas of China was phased out after 1998, and a monetary housing distribution system was adopted and implemented. Since 2003, the housing development has been accelerated and housing consumption has been effectively stimulated. The residence-based real estate industry becomes one of the pillar industries of the national economy. At the same time, the housing conditions of urban residents have been improved significantly. The housing security system has also been improved gradually since 2007.

1.2 Increased Housing Investment and Accelerated Housing Development

From 1978 to 2008, the investment in residential housing nationwide increased from RMB 3.92 billion to RMB 3.09 trillion, and its proportion in the gross domestic product also increased from 1.1% to 10.27%. From 1980 to 2007, the investment in new urban residential housing increased from RMB 13.2 billion to RMB 2.12 trillion, and its proportion in the gross domestic product also increased from 2.9% to 8.5%. The high-speed increase was kept during the periods from 1980 to 1987, from 1992 to 1995 and from 1998 to the present.

From 1978 to 2008, the area of annual new residential housing built in urban areas increased from 38 million square meters to 660 million square meters, and the

accumulative stock of new residential housing reached 10.2 billion square meters. The number of completed residential units among per thousand urban residents increased from 6.79 in 1999 to 11.77 in 2007. The internal and external supporting facilities of the new residential housing became more and more complete, and the functions thereof were further improved. Progress was made in building energy conservation, environmental improvement and property services.

The housing marketization reform dramatically increased the ownership ratio of private residential housing among the urban residents. In 2008, the ownership ratio of private residential housing reached 87.8%, an increase of 78.4% than in 1983. The living conditions of urban residents were improved significantly. At the end of 2008, there were 4.5% of urban households living in individual residential buildings, 83.0% of households with urban permanent registration living in apartments, and only 12.5% of households

with urban permanent registration still living in corridor-shared apartments and bungalows. The improvement in the housing facilities was even more significant. In 2008, 98.4% of households had tap water facility in their residential housing, 35.0% more than that in 1983; 79.1% of households had bathroom, 72.3% more than that in 1983; 62.9% of households had air-conditioners or heaters, 46.8% more than that in 1983. Most of households got rid of the smoke-stricken kitchens, and began to use the clean and efficient cooking fuels. In the very beginning of the Reform and Opening-up, 58.7% of households were using coals as the main fuel, while in 2008, 87.3% of households were using pipeline gas and liquefied petroleum gas, and the proportion of households using coals as the main fuel decreased to 8.3%. The living environment of the large number of urban residents was improved dramatically.

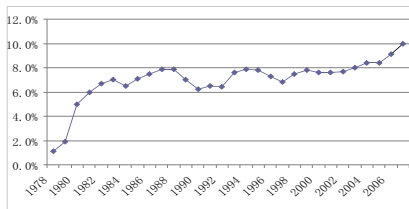


Figure 2.1 Proportion of Residential Housing Investments Nationwide in GDP(1978-2007)

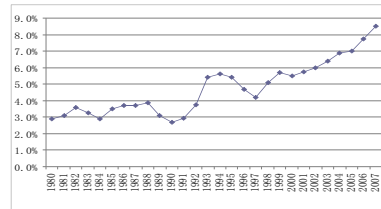


Figure 2.2 Proportion of Urban Residential Housing Investments in GDP(1980-2007)

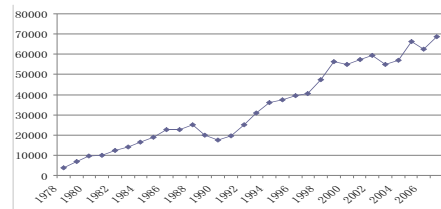


Figure 2.3 Completed Acreage of Urban Residential Housing (1978-2007)

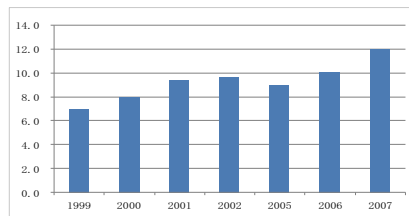


Figure 2.4 Number of Completed Units of Residential Housing Per Thousand Urban Residents

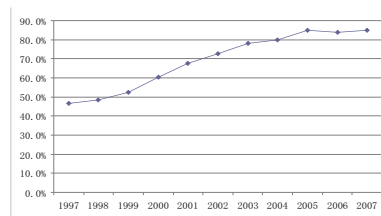


Figure 2.5 Proportion of Real Estate Development Investment in Urban Investments

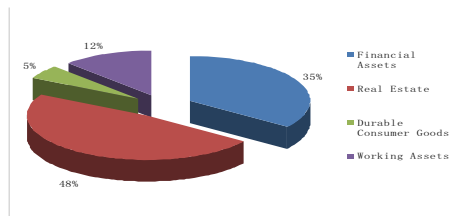


Figure 2.6 Distribution of Urban Household Property Structure in 2002

1.3 New Social Housing System launched in the Reform

The social housing system is an important part of the public housing policy, and its essence is that the government uses the national and social resources to solve the housing difficulty facing the urban low-income households. Aiming at the healthy development of urban areas, to provide the security housing is incumbent upon the governments, and its social benefits are higher than the economic benefits.

In fact, among the urban housing systems adopted since the Liberation of China, certain social housing policies have been implemented, such as the distribution of “welfare” housing and housing subsidy paid to urban residents since the 1950s, although these policies cover only a part of urban residents and the relevant policies are quite imperfect, and the coverage is very low. Since the large-scale housing system reform started in the 1990s, the unit-based function formed

under the planned economy system has been changed and the “unit-based society” has been dissolved. As a result, the function of housing supply has mainly been taken by the market. Under the new circumstances, the demand of social housing becomes higher, which requires the government to take the lead to quickly set up a housing security system with wide coverage.

At present, the coverage of the urban social housing system, in general, is still relatively small, and can not meet the needs of rapid development of urbanization. The availability of social housing, such as low-rent housing, is generally low. A considerable number of low-income households are still living in shanty towns and other makeshift shelters formed at the early stage of industrialization, and low-income urban residents (including new employees and migrant workers) are remarkably lack of housing affordability. Most low-income employees are not included in the coverage of the housing provident funds, and no priority in the application of the housing provident funds is granted to the low-income workers.

¹ The number of completed residential units is calculated on the basis of the completed area of urban residential housing in each year and the area of each unit of commercial residential housing.

2

State of Urban Housing Development and Policies

2.1 New Housing Policies Adapted to Economic Reform and National Conditions

After the continuous exploration over 30 years after the founding of New China, especially after 1978, the policies regarding the distribution and supply of the urban housing in China have undergone a fundamental change, and a housing policy basically adoptive to the progress of economic reform and essentially consistent with the national conditions has been formed.

2.1.1 Housing Supply Policy.

It focuses on the supply of commercial residential housing, implements the social housing measures for the low-income families with the difficulty in housing and grants appropriate support to the moderate-income families with the difficulty in housing.

(1) Commercial Residential Housing. The commercial residential housing is developed through the market channels and may be traded freely on the market, including the commercial residential houses and privately built houses. The commercial residential housing is mainly catered to the families with the moderate or higher incomes.

(2) Social Housing. The social housing is mainly aimed for the urban families with the low-income and difficulty in housing, including low-rent houses and affordable houses.

(3) Policy-guided Housing. Policy-guided Housing is mainly aimed for the families with lower or moderate income and with difficulty in housing, including the houses for relocated households from shanty towns, price-restricted commercial residential houses, public rent houses and employer-built houses.

2.1.2 Housing Distribution Policy.

The policy of monetary housing distribution includes wages, housing provident funds and housing subsidies.

(1) Housing Provident Fund. Housing provident fund is contributed by the employees and the employers respectively, with no less than 5% of the average monthly wage of the employees in the previous year. The housing provident fund is owned by the employees, and the employees may use the fund to purchase, build, modify and renovate their houses.

(2) Housing Subsidy. In accordance with the policy, employees shall be provided with subsidies when the unit

price of real estate is comparatively high, when they do not have residential house or whose area of residential house is less than the average. However the housing subsidy has not been granted in most areas.

2.1.3 Supporting Policies.

(1) Fiscal Policy. This applies to including the low-rent housing security fund into the annual budget of local governments, and granting financial support by the central government for the development of low-rent housing in the middle and west areas in China. Since 2010, an appropriate subsidy has been granted to the development of public rent housing and reconstruction of shanty towns nationwide. With respect to the development of social housing, the tax is reduced or exempted, and also various administrative fees and government charges are exempted. Its purpose is to encourage the rational housing consumption through the adjusted tax rates.

(2) Financial Policy. With respect to the housing development, the facility loans are developed by the commercial banks. A preferential loan rate is granted for the development of the low-rent housing and the affordable housing. The loan facilities for the consumer housing mainly includes individual housing commercial loan and housing provident fund loan. The state government adjusts and controls the market through the adjustment of loan interest rate, down payment proportion and differentiated interest rate (such as the loan interest rate for the second housing is higher than that of the first).

(3) Land Policy. The lands for the commercial residential housing are transferred by means of “bid, auction and listing”. The lands for social housing are assigned and granted in priority. The lands for low-density and large-housing projects are strictly restricted, while the granting of lands for the villa and similar housing is stopped.

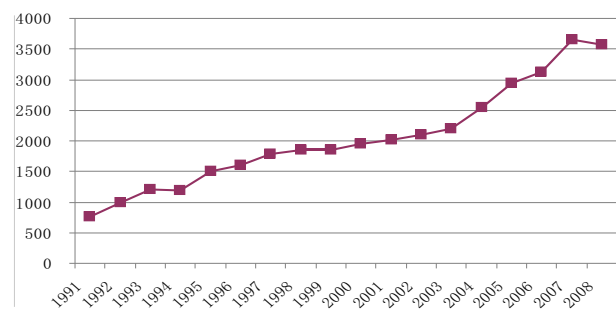


Figure 2.7 Unit Price of Residential Housing (Yuan/M2), 1991-2008

Box 2.1 Case Study: Public Rent Housing in Chongqing

In early 2010, Chongqing CCP Municipal Committee and Municipal Government adopted a major policy to develop 20 million square meters of public rental housing (“Public Rental Housing”) in the downtown of Chongqing. The key purpose of the policy is to solve the housing problem facing the “sandwich-class” population, to form a “5 +1” social housing system (including low-cost rental housing, affordable housing, reconstruction of uninhabitable houses and shanty towns, reconstruction of urban villages, and apartments for rural migrant workers, plus public rental housing). It also strive to achieve the “full coverage” of the urban social housing system, so as to build a housing security system with unique characteristics of Chongqing, i.e. high-end housing with market, middle-end housing with support and low-end housing with security.

According to the decision of Chongqing Municipal Government, the **nature of the Public Rental Housing** is the housing supported by the policies of the Government, with the restricted unit space the preferential rent rate, available for the persons worked in Chongqing but without housing or the families with difficulty in housing. The building area of each unit is limited to 35-80 square meters, and the rent is to cover the building cost plus the operation and maintenance costs. **Eligible Applicants:** An applicant must be an urban

family in moderate or low income or new employee with stable employment and income source (including college graduates and migrant workers), who does not have housing or whose area of housing is less than 13 square meters per capita, and the applicant is exempt from the registered permanent residence restriction. **Scale and Schedule of Development:** About 20 million square meters of Public Rental Housing will be developed in the downtown and suburb areas respectively in next ten years, and about 40 million square meters of Public Rental Housing will be developed by 2020. In the first three years and the following seven years, about 10 million square meters of Public Rental Housing will be developed in the downtown respectively. **Principle of Planning and Layout:** the public rental houses will be built in 21 large-scale concentrated settlement areas between the 1st Ring and 2nd Ring of the downtown according to the principles of balanced layout, easy accessibility, fully equipped and comfortable living environment. The scope of floor area limitation is also set down. **It is proposed to establish a Housing Security Bureau** (vice bureau level and public institution), which will be responsible for the social housing development in Chongqing.

Principles of Location for the Public Rental Housing: (1) balanced layout, i.e. each concentrated inhabitation area will have certain public rental houses; (2) supported by public transportation

facilities, i.e. each area will be supported by the public transportation facilities, and each area is close to a metro line and the distance to the metro station is about 10 minutes’ walk, and the public transportation terminal will be designed and developed simultaneously and the area is highly supported by the high-density and common bus lines; (3) balance between work and living, i.e. there are some industrial facilities in the neighborhood and the industries are highly developed; (4) fully equipped, i.e. each area will be equipped with some supporting facilities, and, in order to ensure the comfortableness and environment quality of the public rental houses, each plot of the public rent houses will be equipped with a school, kindergarten, commercial, cultural and sporting facilities; (5) good environment and living conditions. **Specifications:** The plot ratio is 3.5-4.0; building density $\leq 35\%$; green space coverage $\geq 30\%$; building height limitation $\leq 100\text{m}$; every 300 square meters shall have one parking space; the style of buildings should manifest the local and traditional cultural characteristics in Chongqing; 10% of the building area of the public rental houses in each zone is allocated for the public service facilities. In order to satisfy the needs of various inhabitants, there are different types of apartments including single-equipped room, one-room apartment, two-room apartment, small three-room apartment, with an area from 35 square meters to 80 square meters.

2.2 Healthy Development of Real Estate Market with Government’s Priority on Housing for Low-income Families

In 2007, the per capita floor space of urban residents reached more than 28 square meters, but the quality still has much room to improve. The proportion of the housing with complete services increased from 24% in 1985 to 74% in 2002, and further to 81% in 2007. The internal and external supporting facilities of the new residential housing buildings became more and more complete and the function thereof was further improved. Moreover, progress was made in the building energy conservation, environmental improvement and property services.

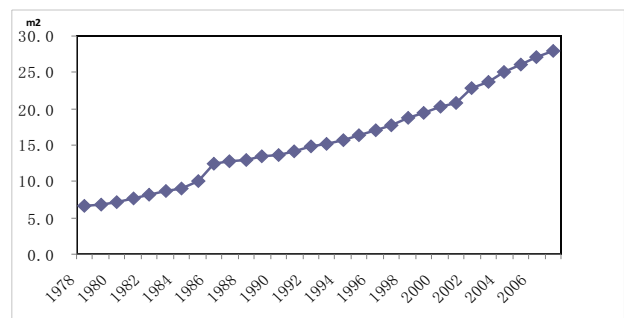


Figure 2.8 Per Capita Floor Space in Urban Areas, 1978-2008

In 2009, the investments in the development of real estate reached RMB 3.62 trillion, an increase of 16.1% compared with the figure in 2008. Among the investments, the investments in the commercial residential housing nationwide reached RMB 2.56 trillion, an increase of 14.2% and accounting for 70.7% of the total investments in the development of real estate. The completed area of residential housing reached 577 million square meters, an

increase of 6.2%. From January to November, the average unit price of the commercial residential housing nationwide reached RMB 4,587/square meter, an increase of 28.56% compared to the average price in 2008 and exceeding the increase rate of 19% in 2004. The increase rate in 2009 became the highest regarding the unit price of housing in last ten years.

Table 2.1 Main Indices for Development and Sale of Properties in 2009

| Index | Unit | Absolute Number | Annual Increase against last year % |
|---|-----------------------------|-----------------|-------------------------------------|
| Total Investment Amount | RMB 100 Million | 36232 | 16.1 |
| Among Which: Residential Housing | RMB 100 Million | 25619 | 14.2 |
| Among Which: Residential Housing Less Than 90m ² | RMB 100 Million | 8351 | 24.1 |
| Among Which: Affordable Housing | RMB 100 Million | 1139 | 17.3 |
| Total Housing Construction Area | Ten Thousand M ² | 319650 | 12.8 |
| Among Which: Residential Housing | Ten Thousand M ² | 250804 | 12.5 |
| Newly Launched Housing Construction Area | Ten Thousand M ² | 115385 | 12.5 |
| Among Which: Residential Housing | Ten Thousand M ² | 92463 | 10.5 |
| Total Completed Housing Construction Area | Ten Thousand M ² | 70219 | 5.5 |
| Among Which: Residential Housing | Ten Thousand M ² | 57694 | 6.2 |
| Total Acreage of Sold Commercial Housing | Ten Thousand M ² | 93713 | 42.1 |
| Among Which: Residential Housing | Ten Thousand M ² | 85294 | 43.9 |
| Source of Funds in This Year | RMB 100 Million | 57128 | 44.2 |
| Among Which: Domestic Loans | RMB 100 Million | 11293 | 48.5 |
| Among Which: Individual Mortgage Loans | RMB 100 Million | 8403 | 116.2 |
| Total Acreage of Lands Acquired in This Year | Ten Thousand M ² | 31906 | -18.9 |
| Total Acreage of Lands Developed | Ten Thousand M ² | 23006 | -19.9 |
| Total Cost of Land Acquisition | RMB 100 Million | 6039 | 0.7 |

Source: National Economic and Social Development Statistics Bulletin, 2009

In the fourth quarter of 2008, according to the directive of the CCP Central Committee and the State Council, all regions and departments adopted the policies and measures to promote rapid economic growth in accordance with the requirements for sustaining the growth, expanding domestic demand and improving people's life. With such policy and measures, the real estate market in China was also significantly developed. The transactions in the real estate market were increased and the investments in the real estate development were promoted, which played a positive role in inspiring confidence and responding to the international

financial crisis. From the second half of 2009, with the rebound of the real estate market, the price of real estate in some cities was increased too fast. Therefore, the State Council reinforced the adjustment and control over the real estate market, and issued two ordinances regarding the promotion of stable and healthy development of the real estate market and firmly curbing the surge in housing prices in some cities.

To speed up solving the housing difficulties of low-income households, especially those residents living in shanty towns, the State Council urged all local governments

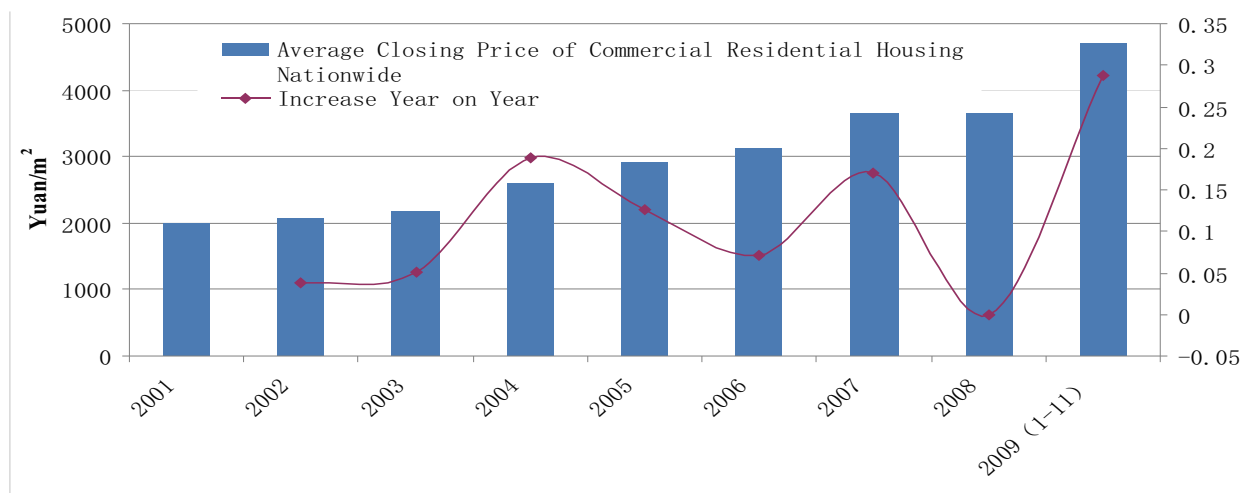


Figure 2.9 Average Unit Price and Increase of the Commercial Residential Housing, 2001-2009
Source: China Real Estate Statistical Yearbook, 2009

to increase the supply of low-rent housing and affordable housing through the reconstruction of urban shanty towns, construction, renovation, government acquisition of rental and affordable housing and strive to fundamentally solve the housing difficulties of 15.4 million low-income households from 2009 to the end of 2012. The “Government Work Report” of 2010 proposes to construct 3 million units of social housing, reconstruct 2.8 million units of various shanty towns and expand the scope of the pilot reform of rural dilapidated housing. With the authorization of the State Council, the Ministry of Housing and Urban-Rural Development, the National Development and Reform Commission and the Ministry of Finance issued the 2009-2011’s Low-rental Housing Security Planning in May 2009, which proposes the targets, policies and measures to basically solve the housing difficulties of 7.47 million low-income households within three years. In December, 2009, the Ministry of Housing and Urban-Rural Development, the National Development and Reform Commission, the Ministry of Finance, the Ministry of Land and Resources and the People’s Bank of China promulgated the *Guidance for Reconstruction of Shanty Towns in Urban and State-owned Industrial Facilities and Mining Areas* in December 2009, which proposed a target of reconstruction of the shanty towns in urban and state-owned industrial and mining areas, namely, to basically complete the reconstruction of concentrated shanty towns in next five years, and to complete this task in next three years in the regions with the suitable conditions. The Guidance proposed the policies and measures in four aspects, including funding through various channels, intensified policy support, ensured land supply and proper compensation for resettlement. The core principle is that the state treasury will grant appropriate support to the reconstruction of the shanty towns in urban

and state-owned industrial and mining areas. The provincial, municipal and county governments shall effectively increase the capital investments in the reconstruction of shanty towns. The financial institutions are encouraged to extend loans to the reconstruction projects that meet the conditions of loans. It is encouraged to reconstruct the shanty towns in the state-owned industrial and mining areas by means of joint construction, and to encourage the social funds to participate in the reconstruction.

In recent years, it is quite conspicuous that some moderate-income or lower income families can not afford to rent or purchase the housing. Meanwhile, with the rapid progress of urbanization, it appears that new workers can not afford to purchase the housing and the living condition of migrant workers is to be improved urgently. In June 2010, the State Council held a national work conference on the public rental housing; with the authorization of the State Council, seven departments, including the Ministry of Housing and Urban-Rural Housing Development, jointly promulgated the *Guidance for Accelerating the Development of Public Rental Housing* in June 2010, which is to address the difficulty of housing facing the urban moderate-income or lower income families. According to the Guidance, the public rental housing shall be mainly supplied to the urban moderate-income or lower income families who have the difficulty in housing. The regions, if the conditions permit, may also supply the public rental housing to new workers and migrant workers who have a stable job and will live in the city for a certain number of years. Public rental housing has been developed rapidly in coastal cities, such as Xiamen, Shenzhen, Qingdao, Tianjin, Fuzhou, Beijing, Hangzhou, Changzhou, and also in few inland cities, such as Chongqing and Chengdu.

2.3 Obvious Contradictions and Problems in Urban Housing Development

Due to the imperfection of the current housing policies, some measures have not been effectively implemented and carried out; together with many new circumstances emerged during the economic and social development, there are still some deep-rooted contradictions and problems in the housing sector in China. Such problems include incomplete reform in the housing distribution scheme, obvious contradiction between housing supply and demand, fast rise of housing price, significant difference in housing occupancy and difficult task of housing security, etc. Nowadays, the urban housing problem is particularly prominent for some moderate-income or lower income families and “new urban residents” who are in the middle or lower income groups. The housing system with the government leadership, community participation, uniform policy and various channels is under development.

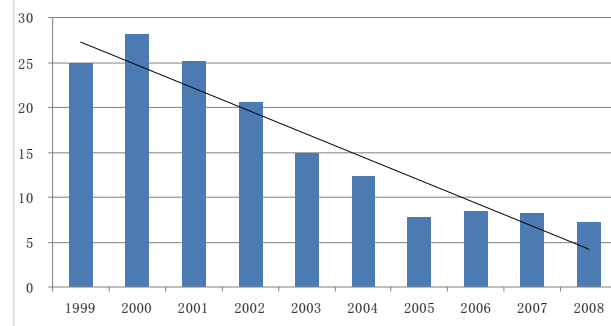


Figure 2.10 Proportion of Completed Affordable Housing in Total Completed Residential Housing in China, 1999-2008
Source: China Statistical Yearbook, 2009

The problem of regional imbalance in the urban housing development is prominent. There is a significant regional difference in the investments of urban housing development and residential housing price in China. The per-capita housing investment nationwide and the residential housing price have a significant positive correlation with the level of economic development. In 2008, Beijing's per-capita housing investment was RMB 60,661,800 and Shanghai's per-capita investment was 47,835,100, while the per-capita investment in western region, such as Guizhou and Qinghai Province, was only RMB 8,217,400 and 11,784,600 respectively. In 2008, Beijing's average residential housing price was RMB 11,648 per m², while the average price in Gansu Province was only RMB 1,851 per m², a difference of 6.29 times. From the aspect of the structure of completed residential housing, the proportion of villas and high-end apartments is higher in the developed regions, such as Beijing, Hainan, Shanghai and Guangdong. But the proportion of the affordable housing is comparatively lower.

From the aspect of the structure of total price, the total price is pushed by the unit housing price, and the extremely high priced luxury houses are created by the investments. The total construction area decreased in first-tier cities like Beijing and Shanghai. During January to November in 2009, the construction area of commercial residential housing in Shanghai, Guangzhou and Shenzhen all declined, compared to that of the same period in 2008. The construction area of housing in the second-tier and third-tier cities rose significantly. During January to November in 2009, the building areas of commercial residential housing in Taiyuan, Xi'an and Shijiazhuang increased more than 50% over the previous year. Chongqing and Chengdu, the south-west cities, had the largest area of housing construction.

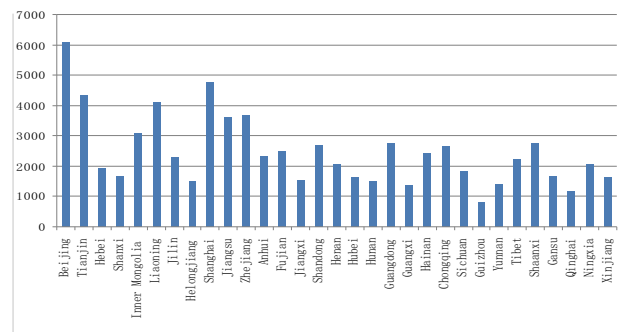


Figure 2.11 Overall Investment in Residential Housing, 2008 (in Per Capita/10,000 Yuan) Thousand Per Capita
Source: China Statistical Yearbook, 2009

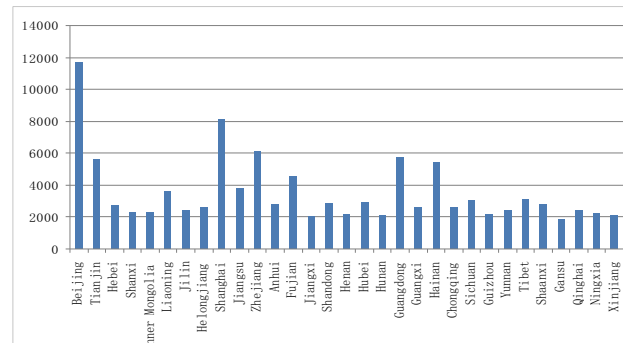


Figure 2.12 Unit Price of Residential Housing, 2008 (Yuan/m²)
Source: China Statistical Yearbook, 2009



Figure 2.13 Average Residential Housing Price in 35 Large and Middle-size Cities and its Increase, 2009
Source: China Real Estate Statistical Yearbook, 2009

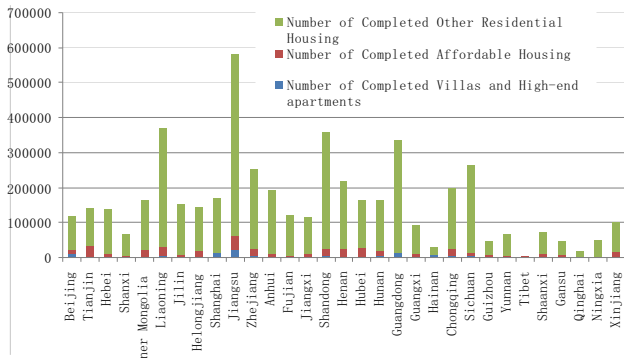


Figure 2.14 Number of Villas, High-end Apartments, Affordable Apartments and other residential units completed in 2008
Source: China Statistical Yearbook, 2009



Map 2.1 Increase Rate of Investment in housing Developments in china, 2009



Map 2.2 Investment in Housing Development in china, 2009 (RMB 100 Million)

Box2: Living in of “Ant Tribe” in Beijing

“Ant Tribe” is a vivid description of contemporary graduates living in the “urban villages”. Among all cities in China, it is typical in Tangjialing Village in Beijing. In this village where you can complete your walking around for less than one hour, at least there are 100,000 graduates living there. The houses vary greatly in sizes, from small rooms of a few square meters to large rooms over 10 square meters. All these houses are in low quality.



“Ant Tribe Urban Village” – Tangjialing Community. Source of Photos: Lu Xiangyu, School of Architecture in Tsinghua University, 2009



Green and Ecologically Sound Urban Community in Qiemo County of Xinjiang



“Targeted Apartments” in Yangzhou, winner of UN-HABITAT Scroll of Honor

3

Urban Community Development

Community is the basic unit of society where people live and meet. The community harmony is the foundation of harmony for a society as whole. The urban communities are the places where the social management should be focused, the livelihood of people improved, and social stability maintained. With the further development of industrialization, information technology, urbanization, marketization and internationalization, China is facing profound changes in social structure, pattern of interests and ideas. To construct harmonious communities has important practical significance and far-reaching historical significance for protecting the basic living rights of urban and rural poor people, satisfying the diversified material, cultural and living needs of the ordinary residents, inspiring enthusiasm, initiative and creativity of the public to participate in social development, and creating a more favorable social environment for the social and economic development.

3.1 Expansion of Communities and their Services

With the development of socialist market economy and the acceleration of urbanization process, urban communities have more and more important role to play in the economic and social development, and the community residents have more and more demands for the community services. The community service system needs to be developed and adapted to the socialist market economic system to meet the needs all members of the community by various service providers, with perfect service functions and high quality services and management, so that members can be assisted and serviced whenever there is need.

At the end of 2009, there were altogether 175,000 various community service centers in China, of which, 10,003 were integrated community service centers, 130 more than that of last year. There were 674 integrated community service centers that provided accommodation, while 9,329 integrated neighborhood service centers did not provide accommodation. There were 53,000 neighborhood service centers and 112,000 other kinds of community service facilities. There are 693,000 city

convenience and service points, and 289,000 volunteer community service organizations.

These community service organizations are actively providing community employment opportunities and community services, becoming a new source of creating jobs. In 2009, urban communities absorbed 2.158 million employees, of which, 531,000 employees were laid-off workers.

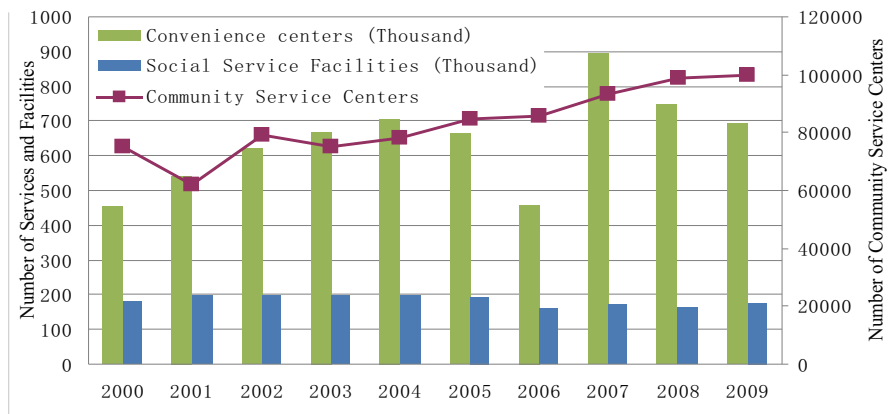


Figure 2.15 Community Service Facilities, 2000-2009

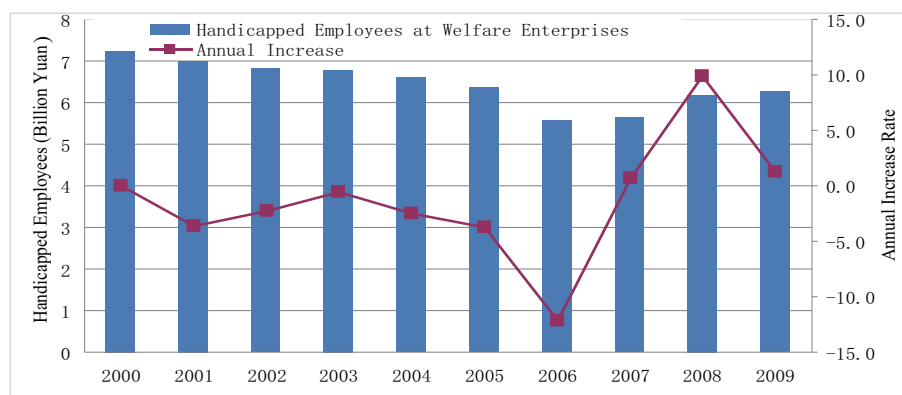


Figure 2.16 Handicapped Employees at Welfare Enterprise

3.2 Building of Community Self-governance Organizations

In accordance with the Constitution and relevant laws of China, the urban and rural areas shall establish the self-education, self-management, self-service grassroots-level political organizations at the residential places, namely urban residents committees and rural villagers committees. These committees may establish sub-committees for mediation, public security and public health. Their main tasks include handling the public affairs and welfares within the residential area, settling the civil disputes, assisting the relevant departments in maintaining the public security, carrying out cultural activities, and conveying the views, suggestions and requests of residents to the government. To establish and improve these committees is an important content of the construction of socialist democracy at the grassroots level. It is important for the

expansion of grassroots democracy, ensuring that the people may directly exercise their democratic rights and manage their own affairs according to law.

At the end of 2009, there were 684,000 grassroots self-governance organizations nationwide, of which there were 599,000 villagers committees, 4.805 million villagers groups, and 2.34 million members of villagers committees. There were 84,689 urban residents committees, 1.295 million residents groups and 431,000 members of residents committees.

The structure of villagers committees and urban residents committees has been further adjusted. There are 74,000 villagers committees that have completed the elections. There are 81.724 million villagers who have restricted their participation in the elections, and 65.215 million registered villagers who have actually participated and voted in the elections.

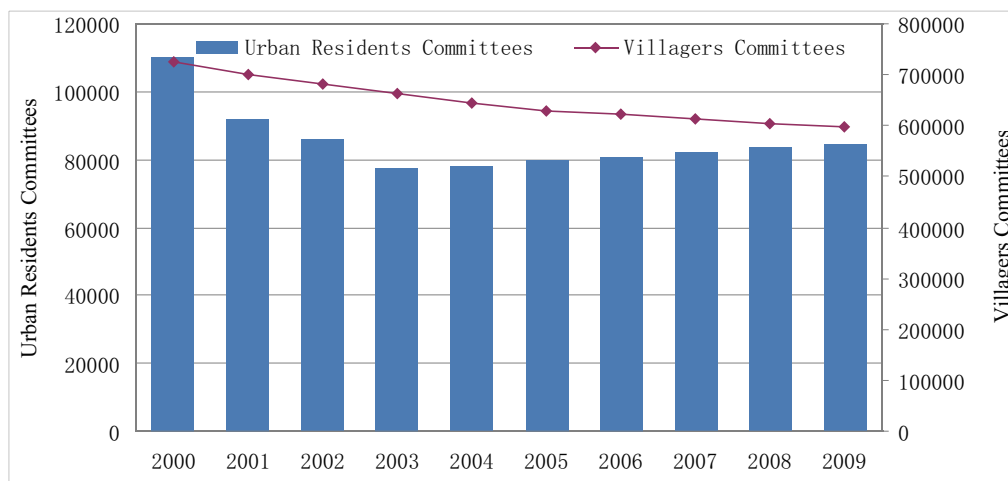


Figure 2.17 Grassroots Self-governance Organization, 2000-2009

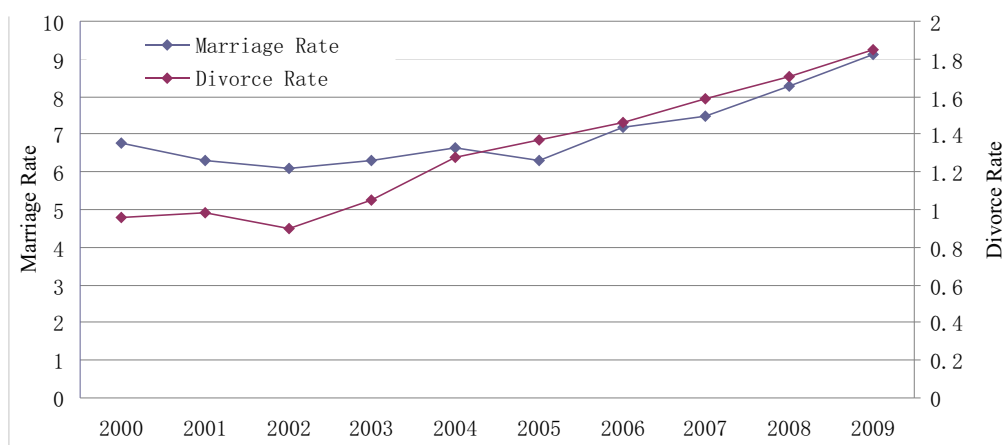


Figure 2.18 Marriage and Divorce Rates