HOUSING OWNERSHIP AND HOUSING WEALTH: EVIDENCES IN TRANSITIONAL CHINA

LILI WU

China University of Petroleum, Beijing, 18 Fuxue Road, Changping District, Beijing, China
E-mail: wull@sem.tsinghua.edu.cn

Abstract— After housing was transformed from the most important welfare benefit to the most valuable private property through radical housing reform, housing allocation mechanisms in China are characterized by coexistence of market logic and socialist legacy, making Chinese housing system exhibits a transitional nature. This study examinesthese changes in private ownership of housing. It develops a conceptual framework toshedlight on unique implications for the distribution of housing wealth and distinct housing inequality patterns. It also draws empirical evidence to reveal the longer-term consequences of the housing reforms. Using the 2011 Chinese Household Finance Survey, this study shows that the reforms in the late 1990s aggravated housing inequality in current China. While emerging market mechanisms definitely contribute to housing inequality, socialist institutions such as the household registration (hukou) system continued to be significant. Findings of this study show that this political discrimination potentially became the most important source of housing inequality in post-reform China and its effects still exist nowadays.

Keywords— Housing Ownership, Housing Wealth, Transitional China.

I. INTRODUCTION

The purpose of this paper is to discuss housing wealth distribution and inequality in China. This topic is worth studying because the accumulation and distribution of housing in China are so different from other assets and from other countries. Housing in China was once a publicresource which was largely distributed by the socialist state through work units(R. J. Logan, Fang, & Zhang, 2009). It was not privatized until 1998, after the state's housing reform. Following this reform, some of the forms of a market system are now present in urban China, and housing purchase at a full market price has become the most common forms of tenure.Meanwhile, however, numerous evidence of the persistence of the prior allocation system has also been found. For example, a considerable share of houses is purchased from public source at heavily subsidized prices.Undoubtedly, in current China there are effectively at least two types of system operating: a fledgling 'open' market where market prices have been introduced (R. J. Logan et al., 2009) and an 'internal' market that has developed from within the welfare system (Sato, 2006).The fact that both market mechanisms and socialist institutions contribute to housing consumption makes Chinese housing system exhibit a transitional nature: it is different from the traditional redistributive system where public housing was dominant, and it is also different from the unified housing market in Western industrialized economies where economic purchase power is the most important determinant of housing tenure (L. Wang, 2001).Therefore, studying the distributional aspects of housing offers an opportunity to gain another perspective on the transition from socialism in this country, by evaluating the housing privatization process and consequences.

The unique institutional structure in the housing market provides an intriguing research site to examine property redistributionprocesses and inequality patterns(Zhao & Ge, 2014).In China, the process of property redistributionhas accompanied the process of replacing public housing with privatehousing(Davis, 2003).Although privatization could be regarded as the starting point for urban residents to accumulate property wealth, not all the residents could get the same share. Before the privatization, better public housing was allocated to individuals with Communist Partymembership, administrative positions, and better occupations (Davis, 1993). Also, better housing provision was received by employees of work organizationsdeemed more central to the economic system (higher rank, larger size,more important sector) (R. J. Logan & Bian, 1993; R. J. Logan, Bian, & Bian, 1999).During the privatization, lots of public houses were sold to sitting tenants at subsidized prices.Although public houses can be purchased at a much lower cost, their actual market values were not low compared to the market purchase houses. In fact, being located in the inner districts of urban areas, public houses have appreciated in value very quickly as time passing by, and sometimes their current values in average are even higher than the values of houses purchased at market prices. Therefore, those who had access to better housing under the old system are the beneficiaries of the new policies. Thesespecific aspects of the Chinese system deserveinvestigation because the initial distribution of housing assets impacts significantly on the subsequent economic stratification in current urban society.

In addition, the specific aspectswhich affect the pattern ofbenefitparticularly involve urban-rural divisions. This is the third reason to study housing wealth incontemporary China. In China, different position of urban and rural residents has become an important feature of housing.Although housing reform

has been referred to as the largest privatization program, it is restricted to urban areas and has very limited impacts on rural society. Rural residents, who were separated through a strictly enforced residence permit (*hukou*) system are thoroughly excluded from the Chinese socialist housing system. Housing reform is also almostirrelevantto the large numbers of rural migrants found in the cities(Y. P. Wang & Murie, 2000).Being excluded fromhousing in the public sector, rural migrantshave not been allowed to purchase subsidizedhousing in most cities(Y. P. Wang & Murie, 2000).With restricted access to urban housing, migrants in China have disadvantages which are implemented more rigorously through state policy.Without a doubt, the housing reform has a significant effect in widening the wealth gap between urban andrural areas. Moreover, newly emerging incidence of housing poverty among the poor migrants of rural origin is growing(R. J. Logan et al., 2009).

Despitethese distinct patterns and theoretical significance, for a long time, housing wealth distribution in China has received scarce attention. Recentfew available studies on wealth accumulation and distribution in China all focus on the distribution of total wealth (Chen & Qiu, 2011; Gustafsson, Li, & Wei, 2006; Shi Li & Zhao, 2007; Liang, Huo, & Liu, 2010; Meng, 2007).This analysis aims to shed light on this situation.This paper is a preliminary attempt touse the rich survey data to study housing wealth. Relying on the recent 2011 wave of China Household Finance Survey (CHFS), I examine two aspects associated with housing wealth: the unique characteristics of housing wealth accumulation and distribution in transitional China, and the new dimensions of housing inequality in the redistribution process. In addition, this analysis gives particular attention to inequalities based on residence status. Rural–urban disparities in China have persistently accounted for a large share of income inequality. However, to the best of the author's knowledge, no one has previously compared the disparities regarding household housing wealth. Here, one contribution of this study is to demonstrate how state policy in China magnifies rural–urban inequalities in the emerging housing system.Including urban, rural and migrant households, this paper describes both within-group inequality and between-group inequalityto analyze housing inequality in China as a whole.

Compared with previous researches, this article has some obvious characteristics. For the first time, housing wealth, rather than total wealth, is examined in depth. By empirically analyzingthe unique distributional characteristics of housing wealth, this article not only reveals the longer-term consequence of the Chinese housing reforms but also examines the current distributive implication of variations in house prices. Secondly, a large disparity in housing wealth distribution between urban, rural households and migrants is described. Meanwhile, the decomposition analysis method is adopted to study the huge distribution disparity between urban and rural areas, and a quantitative estimation is then made to investigate the weight of the wealth distribution disparity between rural and urban areas in the national wealth distribution gap. Thirdly, this article analyzes the determinants associated with levels of housing wealth and finds significant differences in patterns of housing wealth accumulation between urban, rural and migrant households. It also makes a quantitative estimate of the effect of the housing wealth distribution disparity that arises from the process of urban housing privatization.

The main findings of this article are the following. Housing is the single most important component of wealth in China. The distribution of housing wealth in China has some unusual. Housing wealth distribution inequality contributes most to the wealth inequality. Political discrimination potentially became the most important source of housing inequality in post-reform China. The ways through which households get their houses definitely affected their housing assets holdings thereafter.

II. DATA

This paper studies the distribution of housing wealth in China using data from the first wave of the China Household Finance Survey (CHFS), conducted by the Financial Research Institute of the People's Bank of China and Southwestern Financial University in 2011. It covers 25 provincial units in China and contains by far the mostcomprehensive and nationally representative data on Chinese households' wealth holdings and financial behavior. The first wave of the CHFS collects information from 8,438 households consisting of 29,463 individuals.Access to this data set provides a rare opportunity to systematically examine the housing wealth distribution inequality and to understand the factors contributing to it. Furthermore, the new 2011 data enable us to assess the more recent developments in housing wealth distribution and inequality.

III. HOW DID CHINESE PEOPLE GET THEIR HOUSES

During the planned-economy era,private housing in China was nationalized. Houses were allocated firstly to work units and then to their employees as welfare benefits. There was no housing market. Aiming to abolish the work unit-based, welfare-oriented housing system gradually through housing privatization, China's urban housing reform started in 1979. It broke the vicious cycle of low-rent and low-quality housing(Sato, 2006), and created fundamental changes in the provision of housing in Chinese cities. Further, in 1988 the housing reform was launched nationwide and more ambitious. It sought to increase housing consumption by privatizing the housing system and create a housing market. Soon afterwards,

lots of existing public houses were sold to sitting tenants at heavily subsidized prices.

Housing has been transformed from the most important welfare benefit to the most valuable private property in 1998, after the Chinese state abandoned the welfare housing policy. Soon after, the bulk of urban housing stock had become fully capitalized, alienable individual assets(Davis, 2003).Meanwhile, sincehousing was first privatized through work units, the transformed housing market manifests a unique institutional structure, where traditional redistributive practices and new market mechanisms coexist and generate diverse allocation processes(Zhao & Ge, 2014).The first was the sale of public housing to their sitting tenants. The second was market circulation of subsidized owned housing for lower income urban households. This category includes "economical and comfortable housing" and various low-price housing projects such as the "comfortable

Table1 Housing Tenure and Sources (%)

	Urban	Rural	Migrants
Non homeowners	15.4	3.5	14.8
Owners			
Market purchase	36.9	2.0	18.0
Public purchase	21.9	0.1	0.4
Economical purchase	2.4	0.2	1.0
Self-built	10.5	86.8	57.3
Inheritance and other	12.8	7.5	8.5
Total	100.0	100.0	100.0

Source: Calculated using data from the CHFS, with weights.

Note: (1) Urban refers to households in urban area with urban residential permit. Rural refers to households in rural area with rural residential permit. Migrant refers to households which are originally from rural regions but currently live in urban ones.

(2) Market purchase means purchase of "commodity housing" at market prices. Public purchase stands for purchases of the previous public housing by those sitting tenets at subsidized prices. Economical purchase means purchases of "economical and comfortable housing" by low-income urban residents. These above two are called purchases of housing-reform housing.

housing project"(Sato, 2006).The third type was market circulation of "commodity housing" at market prices.This is what we call "market purchase housing".

Housing privatization and diverse allocation processeshave influenced the distribution of housing wealth. After years of privatization, totally 84.6% urban households own houses, and 36.9% of homeowners obtained their houses through market purchase (Table 1).Although wealthy families could purchase commercial housing from a burgeoning market, for a considerable share (21.9%) of urban households, housing was first privatized through work units, showing that socialist institutions continue to play significant roles in housing consumption.

Since the roles of socialist institutions in housing consumption have not been completely eliminated, they generated new dimensions of housing inequality.One important is that *hukou*system continues to discriminate against those without local non-agricultural *hukou*. While 96.5% of rural households own houses, they do not qualify to public housing and enjoy the benefit of housing reform. The majority of their houses is self-builthousing, which has overall low quality and limited facilities.

Similar situation can be found among migrant households. The difference lies in that about one fifth migrant households purchase their houses at market prices. Although most migrants have their houses in rural areas, some (about 10%) do purchase houses in their working cities. However, public and economical housingwas not available to most rural migrants to the cities. Only 0.4% of rural migrants purchased public housing, and 1% were entitled to purchase subsidized economical housing.

IV. HOW IS HOUSING WEALTH DISTRIBUTED

Housing is by far the most important wealth component in Chinese households. The CHFS data shows that even in the bottom fifth of the urban populationranked by wealth, as much as 75% are homeowners. And homeownership is nearly universal among rural households. For all households, regardless which wealth classes they are belonged to, an overwhelming proportion of their total wealth is held in the form of housing. Unlike housing wealth, production and risky financial assets are most frequent among the richest households. In urban area 15% of most affluent twentieth of the population have production assets and 36% possess stocks, bonds or mutual funds. However, their amount only accounts for a small proportion of portfolios, which is about 20% totally. In rural area, 57% of the richest households have production assets, 64% possess land and 26% owns stocks, bonds or mutual funds. But the sum of production assets and land, the two important assets in rural area, has almost the same share of net worth as housing wealth.

The predominance of housing wealth is largely attributable to homeownership, which in China is among the highest in the world. Table 2 shows that for urban households, total housing wealth accounts for 80% of net worth, while other tangible assets and financial wealth only account for 16% and 10% respectively. For rural households, housing and land are the two largest assets and the share of housing wealth is about 59%.

Not surprisingly, housing wealth is substantially higher for urban than for rural and migrant households, both in absolute terms and relative to their incomes. As shown by Table 2, the average housing wealth of urban households amounts to RMB903,200 (USD143,300), which is six times that held by rural households and triple that held by migrants. These gaps in housing wealth reflect in part the higher house prices in urban areas and in part the higher quality of urban housing.

These gaps in housing wealth have exceeded China's high urban-rural gap in incomes. In urban households, the market value of their housing is about ten times

their annual income. This ratio is relatively high by international standards. For migrant households, the according ratio is about six. For rural households, the ratio is about four. No doubt, this difference is due to the fact that house prices are much higher in urban than in rural regions. But it also reflects one underlying fact, that is urban households are substantially subsidized through the urban housing reform, which makes urban households accumulate large value of housing wealth which is discrepant to their income.

V. THE INEQUALITY OF HOUSING WEALTH DISTRIBUTION

The overall inequality of housing wealth

The distribution of housing wealth in China exhibits the highly asymmetric profile found in most countries. The high inequality of housing wealth distribution in China is influenced by several features of housing privatization. First, rapid development of the housing market after privatization exacerbated housing wealth inequality.With the emergence of a new class of homeowners, profound socio-economic ramificationsin relation to housing are in the making. Now, the largest share of purchases in urban comes from market purchase. With the operation of housing market, households are being sorted into different types of housing and neighborhoods(Huang & Jiang, 2009). Those with higher socio-economic status can enjoy larger and better housingfrom the private sector, and accumulate

Table 2 Household net worth in CHFS

(RMB 1000 and %)

Wealth component	Mean values			Share in net worth		
	Urban	Rural	Migrant	Urban	Rural	Migrant
Total tangible assets						
Housing	**903.2**	**141.5**	**302.9**	**80.1**	**59.3**	**67.1**
Land	6.5	59.3	35.8	0.6	24.9	7.9
Production assets	112.2	24.5	60.1	10.0	10.3	13.3
Durable goods and valuables	63.2	12.6	28.1	5.6	5.3	6.2
Total financial assets						
Transaction and savings	52.3	11.9	34.9	4.6	4.7	7.7
Stocks, bonds, mutual funds	59.2	7.3	19.5	5.3	3.0	4.4
Total wealth	1196.6	256.5	481.4	106.2	107.5	106.6
Total debt	69.5	17.8	29.9	6.2	7.5	6.6
Net wealth	1127.1	238.6	451.5	100.0	100.0	100.0
Income	91.5	31.8	49.0	-	-	-

Source: Calculated using data from the CHFS 2011, with weights.

more wealth from the rising housing price. Thus, after years of housing reform, housing inequality similar to that in market economies has emerged in China (Huang & Jiang, 2009).

Second, market mechanisms have not been the sole driving force of housing wealth inequality. As markets begin to function well, socialist institutions continue toplay significant roles in housing consumption. A considerable share (21.9%) of urban houses was purchased from public source through nonmarket transactions between work-units and sitting renters. The pricing varied considerably across work-units. To thisextent the housing reform will reinforce existing inequalities within China.

Third, social welfare-oriented housing policies were relatively weak. Supported by special central government loans and free land allocations, this type of housing was intended for the low-income urban employees. In fact, although these are priced lower than market rates, they remain out of reach for most households(Duda, Zhang, & Dong, 2005). Also, the supply of economically affordable housing stagnated throughout the 2000s.

The high inequality of housing wealth can be shown in Table 3. In 2011 the top 10%of households owns more than 60% of housing wealth while the share held by the bottom 40% is 3% among homeowners and less than 2% among all households. Housing wealth held by the richest 1% homeowners is four times as much as that held by the lowest 40%. This ratio is even higher among all population. When measured by the Gini coefficient, inequality of housing wealth among homeowners is about 0.73 in China. This figure is much higher than that in the OECD countries and also in Russia and Serbia, which is about 0.4 to 0.45 among homeowners (Sierminska & Garner, 2005; Yemtsov, 2007). However, including non-owners does not increase housing inequality in China that much: the Gini coefficient is 0.76. This compares to the Ginis of 0.6-0.8 among all households in those countries mentioned above (Sierminska & Garner, 2005; Yemtsov, 2007). The main reason for the relative small difference between the Gini among homeowners and the Gini among all households lies in the high level of homeownership in China, which is 91% nationwide.

Table 3 also shows the distribution of income for comparison. It is obvious to see that the distribution of housing wealth is more unequal than the distribution of income. Indeed, the bottom 40% in terms of income accumulated about 5.6% of total income, which is larger than any of the housing wealth measures considered. In comparison, the richest 20% accumulates about 67% of income, which is rather low compared with the figure for housing wealth.

The urban-rural disparity in housing wealth

In China, the urban-rural gap can be traced back to the

beginning in the 1950s, when the Chinese Communist Party established urban and industrial development as the main objective of economic planning. In order to subsidize rapid industrialization, the planning system set prices and directed investments in a manner that discriminated against agriculture and rural areas. Being separated through a strictly enforced residential permit system, rural residents experienced sharp differences in the living standards including employment opportunities, health care, housing, pension benefits and so on.

Income

	Housing Equity		Income	
	Home owners	All Households	Home owners	All Households
Percentage share held by				
Bottom 40%	3.1	1.9	5.7	5.5
Next 50%	36.4	34.7	41.1	41.1
top 10%	60.5	63.4	53.2	53.4
Top 10-5%	18.7	18.7	11.5	11.5
Top 5-1%	28.9	30.5	18.7	18.8
Top 1%	12.9	14.1	23.0	23.1
Gini Index	0.73	0.76	0.65	0.66
GE(2)	2.1	2.3	4.1	4.1
p90/p10	135	-	37.5	44.7
p90/p50	9.0	10.2	3.6	3.8
p10/p50	0.1	0.0	0.1	0.1
p75/p25	8.1	15.0	4.9	5.2

Source: Calculated using data from the CHFS 2011, with weights.

Table 3The Inequality of Housing Wealth and

Table 4 Distribution of Household Housing Wealth by Residence (1000 yuan)

	Urban		Rural		Migrant	
	Owners	All	Owners	All	Owners	All
Bottom 40%	300	200	40	35	105	90
50%	400	300	60	55	150	120
top 10%	3,000	2,650	290	280	800	700
top 5%	4,100	3,800	440	420	1,472	1,300
top 1%	6,000	5,800	1,420	1,420	2,945	2,500

Source: Calculated using data from the CHFS, with weights.

Table 5 Decomposition of Theil's Coefficient

	Within groups		Between groups		All
	Value	Share	Value	Share	
Residence status	0.70	66.28%	0.29	27.4%	1.05
Age	1.06	100.00%	0.00	0.41%	1.05
Income	0.81	76.35%	0.25	23.86%	1.05
Region	0.78	73.43%	0.23	22.02%	1.05
Education	0.83	78.60%	0.19	17.79%	1.05
Employment status	0.84	79.07%	0.18	17.05%	1.05
Marriage status	1.02	96.41%	0.01	1.14%	1.05

Source: Calculated using data from the CHFS, with weights.
Notes: (1) Households are grouped by the age of the held in six groups: under 30, 30-39, 40-49, 50-59, 60 and over.
(2) Region is classified into: East, Central, West, or Northeast.
(3) The category of education divides the households into six groups: illiteracy, primary school, high school, college or graduate.
(4) Employment status of household head can be: employee, self-employed, farming at home, freelance, retired and unemployed.

Table 4 reports the percentage share help by households and percentiles for the distribution. It is clear that net housing wealth is substantially higher for urban households, no matter among homeowners or all population. Indeed, the gap is becoming more significant as percentile increases.

Decomposition of housing wealth inequality

Housing wealth inequality contributes a lot to the overall wealth inequality. To investigate the contribution quantitatively, the Gini coefficient is decomposed, using a method originally proposed by Rao (1969) and fully deliberated by Pyatt, Chen, and Fei (1980). The results show that nationwide over 68% of net wealth inequality comes from inequality of housing wealth. Regardless in urban, rural or migrant households, housing assets have the biggest contribution to the inequality of net worth. But the relative contribution of housing assets is larger in urban households than in rural or migrant households. This is because in urban households the housing value shows not only a largest share in net worth but also a remarkable higher level in its concentration coefficient.

To identify the factors behind the distribution of housing wealth, a decomposition of inequality indices by homogeneous subgroups of the population can be used (Jenkins, 1995; Mookherjee & Shorrocks, 1982). The aim of this decomposition is to distinguish the inequality *within* the groups from the inequality *among* the groups (Brandolini, Cannari, D'Alessio, & Faiella, 2006). Since the Gini index is not exactly decomposable by population subgroups, I turn to the Theil index.The results of this decomposition are listed inTable 5. Households are sorted by five demographic characteristics. For all characteristics, the overall inequality of housing wealth is mostly attributable to inequality within each group. Despite all that, the inequality between groups is also noteworthy.It shows that between urban–rural inequalityis the largest among all the between groups inequalities, accounting for over 27% of the national inequality of housing wealthdistribution. These results indicate thatthe housingwealth gap between

urban and rural households is a more important source of the national wealth inequality.

VI. THE DETERMINANTS OF HOUSING EQUITY

To give further analysis on the sources of housing wealth inequality, this section addresses the issue of what affects the amount of housing wealth a household possesses. For these purpose, the following reduced form of housing wealth equation is estimated:

$$W_i = \alpha + X_i\beta + \varepsilon_i$$

where X_i is a vector of explanatory variables, including a household's residence status, its size and socioeconomic circumstances such as gender, education, occupation, and membership in the Communist Party. Dummies for province are also included. In this analysis, inverse hyperbolic sine transformation of housing wealth is used as the dependent variable to eliminate the influence of extreme value and the problem in dealing with zero or negative readings of the dependent variable.

Two types of empirical models are examined: (1) analyses that combined urban, rural and migrant households to evaluate the relative contribution of types of factors to group differences in housing wealth and (2) specific models that explore differences in the process that generate housing wealth. In both models, the independent variables include socio-demographic and institutional indicators (see Table 6).The former include age of head of household, education, occupation, marital status and household variables such as household size, household income, and region. The latter include household head's *hukou*status and political status (Party member or not).

The pooled analysis shows that both socioeconomic and institutional indicators were important to housing wealth accumulation. Although some evidences may show that socialist institutions are being replaced by market mechanisms as the driving force for social inequality, some elements such as the *hukou*system continue to function in ways not very different from the socialist era.Despite years of reform, *hukou*is still essential in housing access, and housing discrimination against household without urban *hukou*continues.Rural and migrant households have significantly lower levels of housing wealth than urban households, even after a wide range of household characteristics are controlled.Additionally, Party membership as the key indicator of political capital also affects housing wealth holdings. Zhao and Ge (2014) show that Party membersenjoy larger housing in the work-unit community and in both state and non-state sectors. Although there are no significant evidences prove that Party members have advantage in acquiring market-based housing rewards, they do hold an advantage in receiving state-channeled housing benefits(Zhao & Ge, 2014). Moreover, as predicted, the elites (head of Party-State organs, organizations and enterprises) tend to have advantages in housing stratification.Generally, political elites are more likely to enjoy larger housing in the state sector and receive housing subsidy(Zhao & Ge, 2014).

The effects of socioeconomic and institutional indicators on housing wealth accumulation are different across urban, rural and migrant households. The group-specific models show that although some of the socioeconomic predictors of housing wealth affect all these populations (those with lager household size, higher income and are married have significantly more housing assets. It can also be found that location also has significanteffects on housing wealth within each of the three groups), others like education only affects urban households. Households with higher education have significantly higher housing wealth, indicating a positive relationship between human capital and wealth level. Meanwhile, better educated are more likely to own housing that had previously been public, demonstrating the persistent policy of awarding housing subsidies to educated people.Thus, it is difficult to separate the effect of markets from that of the socialist housing system,probably as a result of the transition(Siming Li & Yi, 2007). The result also shows that households with graduate degree possess lower level of equity. This might because these households only accounts for 0.3%. However, within rural and migrant households, housing wealth distribution dose not present significant positive relation with education level. A possible explanation is rural and migrant households mainly take up physical work and they have little chance to turn human capital into productivity(Liang et al., 2010). As a result, higher education attainment does not imply higher income and wealth level.

Compared with socioeconomicindicators, the institutional ones have more obvious differences in the patterns of effects across groups.Party members in urban have done particularly well in accumulating housing wealth. Undeniable, the privatization of the public housing gave party members in urban a sudden benefit of private housing wealth (Meng, 2007). However, party members without urban resident permit were excluded from getting this windfall result from urban housing reform. Therefore, they do not possess significant higher housing equity compared with their non-party counterparts. With respect to the occupational status of the household head, those who are business owners have higher housing wealth according to all specifications. This might reflect better opportunities to accumulate. But beyond this, no other occupations have significant effects on rural households. The reason might lie in that the majority (over 60%) rural residents are famers. However, occupational status has statistically significant coefficients within urban households because their benefits are tied with the work units they are belonged

to. Employees in public department or state-owned enterprises are better endowed and are advantaged both during housing privatization and thereafter.

Apart from these differences, even more striking are some of the differences in the size of the effects of the significant variables. For instance, income has weaker effect on housing wealth for urban households than for other two groups. As mentioned previously, "income poor, property rich" is not uncommon among urban households, who were received large subsidy from housing privation. Furthermore, urban households with low-to-medium income now are endowed with right to purchase economical houses below market prices. However, rural and migrant households, who are excluded from these benefits, have to improve their housing strictly according to their income constraints.

CONCLUSION

This paper analyzes the distribution of housing wealth using the CHFS data. The purpose of this study is to find out the unusual characteristics of housing wealth distribution in China and the sources of the extraordinary disparities among Chinese households. This analysis begins to learn about one of the most important social changes affectingChinese, namely the beginning of private housing ownership(F. Wang, 2003), which was driven by the Chinese state from 1979. Now more than three decades later, it is possible to evaluate the process and in particular to investigate its distributive consequences. Since China's housing market was created as the state abandoned the welfare housing system, its emergence was based on privatization and commercialization of public housing. Unavoidably, the Chinese housing market has a dual structure characterized by a coexistence of emerging market mechanisms and redistributive practices as socialist legacy (Zhao & Ge, 2014). Socialistlegacy and redistributive logic continue toplay a salient role in affecting residential arrangement andthereupon the property redistribution process (Zhao & Ge, 2014). Therefore, the distribution and inequality of housingwealth in China have some unique features. For example,the most recent data shows that income, although has positive relationship with housing wealth holdings, is notthe most supportive source of the high level of housingwealth inequity. These results reflect the influence of urban

Table 6 Group-Specific Regression of Housing Wealth

	Nation	Urban	Rural	Migrant
Residence status (ref.=Urban)				
Rural	-73742.8***	-	-	-
Migrant	-48657.1***	-	-	-
Age of household head (ref.=40-50)				
20-30	-57102.4***	-75622.7***	1591.2**	-48309.6***
30-40	-25158.6***	-27460.2***	-9927.4	-32323.3***
50-60	3791	2253.2	3099.4	16758.5**
60 and over	-589.6	7921.1	1169	-3369.9
Size of household	9337.2***	12023***	5282.2***	15287.8***
Female	7020.8**	10552.4**	8180.2**	-6238
Education (ref.=College)				
Illiteracy	-62368.4***	-49899.7***	4245.4	-13487.9
Primary	-58151.2***	-47072.8***	12944.6	-17162
Lower- middle School	-45724.4***	-31866.3***	25608.3	-10044.4
Upper-middle School	-33250***	-26190.4***	29854.6	35261.2***
Graduate	-12307.1	-32826.3***		
Occupation (ref.=Worker)				
Head of Party-State organs, Organizations and enterprises	11961.6**	33162.8***	-24153.1	19045.6
Professional and technician	-3422.8	8916.2	10223.8	-32957.4***
Staffs/commercial/service	12452.5**	19786.8**	2458.2	-99.6
Business owner	27865.4***	33240.2***	51595.8***	5179.9**
Farmer	-6636.6	-	-5628.8	-18503.5
Unemployed	-22358.6***	-29986.7***	-2013.6	-23915.5
Retired	10358.8*	7405.9	15437.3	-3562.8
Other	-6716.2	-211.5	-6244.4	-18304.4*
Income	0.1148***	0.082***	0.139***	0.136***
Marital Status (ref.=Married)				
Single	-31834.8***	-39861***	-31936***	24824.9**
Divorced	-16736.4**	9417.4	-34519.4***	-34954.5**
Widowed	-23765.7***	-45847.1***	-7892.1	6113.9
Member of the Communist Party	10561.9***	15658.3***	5562.2	-1103.4
Province dummies	Yes	Yes	Yes	Yes
Constant	210364.3***	232621.9***	47401.4*	94267.2***
Adj R^2	0.37	0.34	0.21	0.27
F-value	95.47	40.34	17.44	13.59
Number of observations	7818	3414	2630	1444

Note: 1.The dependent variable is the log of the current value of owner-occupied housing (yuan)
2. *** denotes statistically significant at the 1% level, ** at the 5% level and * at the 10% level

housing reform, which gave households chances to buy public houses at heavily subsidized prices. In addition, recent urban housing policies have expanded the supply of low and medium-priced housing since the mid-2000s. As a result the effects of households' income on housing wealth have been reduced. Also, life-cycle effects do not follow the usual pattern in China. Among urban households, although housing equity increases through middle age and then declines in old age, the gaps of equity level between different groups are relatively small. Moreover, homeownership rate only exhibits slight change

through age groups.

Apparently, although housing market has emerged in China, it does not converge on the Western model, where economic purchase power is the key determinant of housing inequality (L. Wang, 2001). In the dual housing structure, on the contrary, the State's policies have played a key role in shaping housing developments, and their impacts on housing wealth inequality are more direct and stronger when compared with those in many transitional countries(Siming Li & Yi, 2007). For instance, the *hukou*system continues to discriminate against those without local urban *hukou*, resulting in significant housing inequality.By reviewing the history of Chinese housing reform, for the ways through which Chinese people get their houses will definitely affect their benefits and housing wealth holdings thereafter. It cannot be denied that this political discrimination potentially became the most important source of housing inequality in post-reform China and its effects still exist nowadays. Now, although it is true that most private housing without subsidies is accessible to everyone, rural residents and migrants are still excluded from accessing subsidized housingin the owner sector. And this reality is not going to change in the near future despite ongoing reform(Huang & Jiang, 2009).It remains unclear how patterns of housing wealth will play out in the future. But it is very clear that without policy interventions, inequality related to housing, which has important ramifications for household members' well-being, is likely to increase because of the strong urban-rural division (Sato et al., 2011).

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