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What is affordable housing in China? Evidence from Nanjing, China

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ABSTRACT

Affordable housing has been built in many countries all over the world. Yet the term 'affordable housing' is interpreted and defined very differently despite a shared focus on housing the less well-off population group. In China, 'affordable housing' was firstly introduced by the central government in 1991, and it quickly received enormous attention in both policy and practice in the past three decades. Although it is regarded as a direct approach of government intervention to assist lower income family housing needs, its official definition changed together with its development scales. Moreover, developers as well as local government officials have used their own definitions of 'affordable housing' in housing policies and projects at local level. Thus, affordable housing in China connotes a wide range of meanings even though there is a definition from the central government.

This paper examines the interpretation of affordable housing in China's practical world, by using Nanjing as a case study. Data is collected from statistical yearbooks, government policy documents, as well as semi-structured interviews. These

interviews involved property developers, municipal government officials and district government officials, and were conducted during the period 12. 2009 – 12. 2010. The study found that in addition to provide living spaces for low- and middle-income groups, which is a main policy goal shared among the countries, the Chinese government had a different expectation from ‘affordable housing’. China’s central government wants to use affordable housing as one of the means to establish a Chinese housing system, to stimulate the growth of the related industries, and to promote economic growth of the whole country. Local governments have their own ways of interpreting the term ‘affordable housing’, characterized by a deviation from the official policy statements but embedded in local politics and economy. The developers’ interpretation is still different, reflecting the profit seeking behaviour in a transitional economy. Understanding of these key interpretations is critical for affordable housing to benefit its target population.

KEYWORDS:

Affordable housing, public policy, Nanjing, China

Introduction

Affordable housing appeared in different countries all around the world. Providing affordable housing could bring lots benefits to the whole society, while the most obvious ones are providing shelters for all income levels, and controlling or reducing the average price of housing. It is also commonly believed that the growth of affordability level and proportion of home-ownership will leads to other benefits, especially in social aspect, as well. The increasing housing affordability improves the quality of life with more stable and healthier neighbourhood and safer community. The next generation would also benefits from receiving better education with less behaviour problems (Diamond, 2009). As housing is nearly the largest expenditure of a family, helping those groups at the lower end in the market on achieving homeownership is also a mean of wealth redistribution, which helps to provide equal rights to everyone (Diamond, 2009). Due to the benefits and expected outcomes of affordable housing, it could be commonly defined as a kind of housing with adequate standard, but costs a reasonable proportion of low- and middle-income households' income. However, the term 'affordable housing' is interpreted and defined by each country according to its local situation. Mostly, the affordable housing is defined accompany with the affordability level, which varied base on local situation.

In China, the concept of affordable housing appeared accompanied with housing reform. Previously, under the central-planned economy, housing was a kind of welfare, instead of a commodity, provided by the government and the work units at limited rental price. Housing reform changed housing from a kind of public welfare to a commodity, which can be exchanged in an open market, starting from increasing rental price, re-selling existing public housing, and developing private housing. Affordable housing appeared in China during that time, as a key mean of subsidized housing introduced in by housing reform. However, under a transitional situation in China, the official ways of presenting affordable housing, as well as purposes and means of development, kept on changing, in the past nearly two decades. Papers and researches related to this field, pointed out lots of drawbacks in this field, without having a detailed discussion on the definition of affordable housing in China, but just followed the definition given by the central government at that point of time.

However, it is important to have a deeper understanding of what is affordable housing, as it may not only influence the overall effectiveness of affordable housing projects.

This paper aims to discuss the interpretation of affordable housing in China not only at the national level, but narrow down to have a specific focus on local practice by using Nanjing, a typical second-tier city in China, as a case study. It starts from policies announced at the central level, followed by semi-structured interview analysis, which concerns on developers of affordable housing projects in Nanjing, China.

Literature review

A reasonable definition of affordable housing is able to show both public usage and appropriate policy goals (Disney 2007), however, each country may have its own approach of calculating housing affordability. For example, in Australia, the National Housing Strategy defined affordable housing according to proportion of housing cost over income (Disney 2007, Tiley & Hil, 2010, QDC 2011). Based on this, both the state governments of Queensland and ACT specified that a house can be typically accepted as an affordable one, if housing costs could not exceed 30% of gross household income (Abelson 2009, Berry 2002, Paris 2007). Be different from the social housing, affordable housing in US, means housing that is privately owned or rented and meets certain affordability benchmarks (Davis 1994). For the case in Hong Kong, affordable housing is publicly accepted as two types of housing stocks, one is public rental housing for the very low income group, while the other is subsidized housing for lower-income families with home-ownership (Chiu 2007).

From financing point of view, affordable housing not only reflects affordability level at a certain point of the overall market situation, but specific to certain housing occupiers at a certain standard of affordability for a certain period of time. It includes the financial capacity to get enough cash and/or credit for housing purchasing, such as capacity of getting large long-term debt obligation (Hawtrey 2009). Thus, in lots of western countries, affordable housing program or scheme is not regarded as a single specific type of housing, but are all relative approaches which are able to increase affordability level. Both in England and US, affordable housing scheme include both the direct supply, such as housing with discounted rental price, and indirect

supporting, like loans, funds, and/or mortgage at discounted interest rate (DCLG 2006, Sirman & Macpherson 2003, Wilson & Anseau 2006).

Affordable housing is ideologically framed as special pleading for individual welfare rights for unpopular populations and/or as a government redistribution program (Iglesias, 2009). Although affordable housing is publicly accepted as necessary for the society, as it brings lots of social benefits, the lack of affordable housing is still the biggest problem, which reflects the inconsistent interests of affordable housing from different parties. Affordable housing provision reflects the conflicting goals of the government between the provision of decent, affordable shelter, and the creation of wealth for other homeowners (Diamond 2009).

Studies of the government sector in US, showed that the state played a leading role when the federal funds decreased, while the municipal government showed less interesting in supporting affordable housing as they have self-interest pursuing (Rizzetto & Zgobis 1997, Sirman & Macpherson 2003). For local government, planning control is the most common mean for affordable housing issue. However, the results showed that the planning control is more efficient for providing physical affordable housing units, instead of improving the overall housing affordability level (Chiu 2007, Whitehead 2007). However, it is still a main task for the government to balance affordable housing units for current and future low income residents between the economic growths for the overall society.

Besides the government sector, private sector may be involved in affordable housing development, and their participation can be found in multi types of private-public partnerships (PPPs), which is participation and partnership of both private sectors and public agencies, in conjunction with each other (HUD, 1996). In the PPPs, both the non-profit and for-profit sectors participated in affordable housing development. Although both of them showed overall reasonable performances, their performances still showed different characteristics (Berry etc. 2006, Bratt 2008, Iglesias 2009). The non-profit showed a better understanding of the target occupiers, thus housing provided by them is more efficient and directly meet the market needs; while, the for-profits responded more quickly and financially efficiently, as they have a better

understanding in property development under market situation and hold stronger financial capacity (Berry etc. 2006, Bratt 2008, Iglesias 2009).

However, for China, affordable housing is an attractive area paid lots of attentions by academic researchers. Papers in this field had broad focuses, including effectiveness of policies, occupiers' preferences in affordable housing, the affordability level of affordable housing, as well as the appearance of affordable housing during the housing reform. However, instead of discussing or giving a definition of affordable housing in China, normally those papers followed the definition of affordable housing given by the central government at the time when research conducted. For example, Rosen & Ross (2000) defined affordable housing is for middle class who not able to buy commercial housing, and neither interested in rent a property from public sector, but still keen to own their own houses, which is not the same as Meng, Wong, Hui & Feng's description in 2004. They described affordable housing as a type of low-profit commodity housing with government subsidies and policy support aimed at providing a large number of decent homes for middle and lower-middle income households. However, Zhang (2006) defined affordable housing in the aspect of funding provide, which reflected from the local practice. However, there is lack of a discussion on what is affordable housing not only from the policy perspective, but also focused on a specific group of actors in the market.

Research Design

This research aims to discuss the interpretation of affordable housing in China from policies at national level, published by the central government, to local practical sector, by using Nanjing as a case study. The discussion started from reviewing all relevant policies announced by the central government, not only for the literal interpretation, but for the purposes and expected benefits of affordable housing development. All relevant policies published since 1991, in which year the item "affordable housing" firstly appeared, from the central level are reviewed, accompany with the statistics from yearbooks. The policy analysis here is not to argue the process of making policies or evaluate the effectiveness of policies in a given goal. However, this research is only to find the official ways of interpreting the key item "affordable housing" from both the definition and purposes of providing affordable housing. Thus,

the analysis of policies here chooses all relevant policies, mentioned “affordable housing” from 1991, the first time “affordable housing” appeared in official documents, till now (2011), and analyses contents relative to “affordable housing”.

It stepped further to a local area, to see developers’ understandings and interpretations of affordable housing during the practice, as the property developers are the main affordable housing supplier as well as the key person in the development process. As this research tries to explore that, within the practical sector, developers’ own interpretation of affordable housing, thus, semi-structured interview is the most suitable way of collecting data, as it is able to provide the flexibility for interviewees sharing their own experiences on a given focus. The developers’ viewpoints were collected by conducting semi-structured interview during December 2009 to January 2011 by the researcher. The interviews attempted to cover all the developers who are involved in affordable housing projects currently and before. However, as some companies do not exist any more, there are 19 property developers were interviewed, the affordable housing units developed by those developers already covered majority of affordable housing projects in Nanjing. The interview questions was designed from 3 perspective, starting from given a definition of affordable housing by themselves, followed by discussing the key aspects from both the supply side, which mainly focused on the development process, and the demand side, which is the qualified occupiers. However, in China, each city has its own affordable housing management regulation, which regulates all aspects of affordable housing projects in local practice, including way of conducting affordable housing projects and qualified occupiers, which may not the same as the Nanjing’s approach. Thus, it should be aware that findings in this research may only be able to reflect the situation in Nanjing.

Government’s perception of “affordable housing”

The item of ‘affordable housing’ firstly appeared in 1991, in an official document named Notice on Keeping the Reform of the Urban Housing System Stable and Active. However, in the past two decades, the official way of defining and regulating “affordable housing” kept on changing, accompany with the process of Chinese housing system formatting and marketization of commodity housing sector (Figure 1). In this session, all relative policies announced by the central state, since 1991, are

reviewed in terms of scale of development, purposes of developing, as well as official presenting ways in affordable housing sector (Table 1).

Figure 1 Affordable housing development history in China

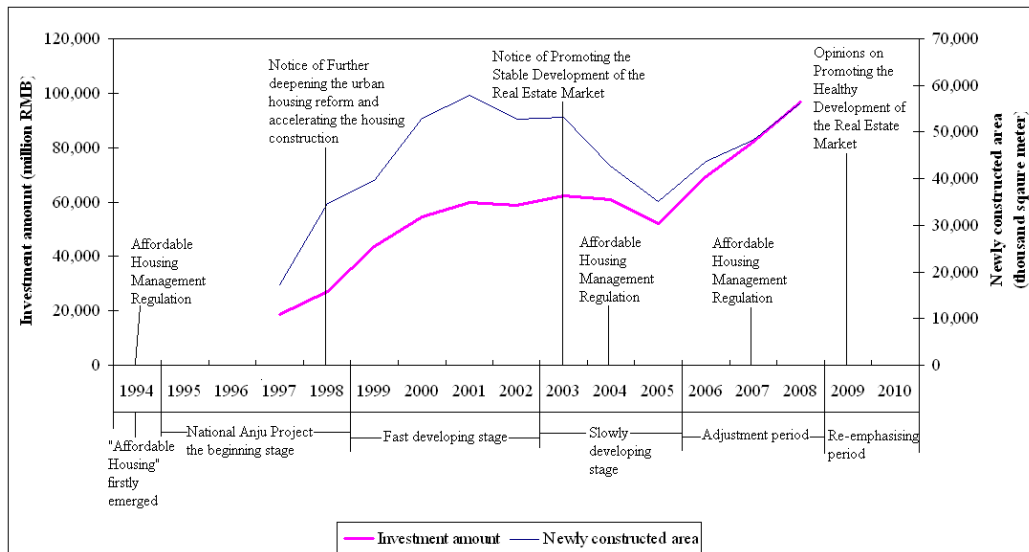


Table1 Affordable housing in Affordable Housing Management Regulation (1994-2007)

	Affordable Housing Management Regulation		
	1994	2004	2007
Characteristic	Ordinary housing	Commodity housing	Housing enjoy policy benefits
Benefit group	Low- and middle-income households facing housing difficulties	Qualified group	Low-income households facing housing difficulties
Land	Administratively allocated freely	Administratively allocated freely	Administratively allocated freely
Preferential policies	In plans making, planning, demolition and resettlement, tax	In administration management fee, facilities construction costs	In administration management fee, facilities construction costs, and mortgage from commercial banks
Construction standards	the same as national construction standard of ordinary housing	Unit size limited to 80 or 60 square meter	Unit size no larger than 60 square meter
Management fee	1-3%	Reasonable proportion	Reasonable proportion
Profit margin	N/A	No more than 3%	No more than 3%
Ownership	Full ownership	Full ownership	Limited ownership
Exchange	N/A	Cannot be exchanged within certain years	Cannot be exchanged within 5 years

In the Decision on Deepening the Reform of the Urban Housing System published in 1994, establishing housing supplying system, together with affordable housing and

commodity housing was a basic content of urban housing reform. However, it is still hardly to separate affordable housing from commodity housing at that time, until the very first management regulation for affordable housing, Construction Management Regulation of Urban Affordable Housing, published at the end of 1994. In this regulation, 'affordable housing' is defined as a kind of ordinary housing constructed under national normal housing construction standards, provided to low- and middle-income families with living difficulties. The purchaser of affordable housing is able to have full ownership after the transaction completed. A limited proportion of construction management fee, which is 1-3% of total construction cost, is allowed to include in its final price, but no profit margin.

Affordable housing is also called the National Comfortable Housing Project Implementation Scheme during 1995-1998, which is believed formatting foundation of designing and establishing affordable housing system (Hui 2004). It was designed to sell directly to low- and middle-income families at cost price, prior to families with no housing unit, poor condition housing, as well as housing hardship. The Project was expected to accelerate the commercialization and civilization process of urban housing, promote the construction of urban housing, deepen the housing reform process, as well as establish a new housing system by the Project and commodity housing. It is the first time that affordable housing projects developed in large scale national-widely.

In 1998, an official document, called the Notice of Further Deepening the Urban Housing Reform and Accelerating the Housing Construction, announced that the work units will not allocate houses to their staff directly, rather give subsidies, which means that the Chinese residents need to solve their living difficulties through an open market. Within this milestone document, the states tried to establish a housing provision system, by using affordable housing, which sold to low- and middle-income families, as a major mean. The state believed that developing affordable housing could firstly, meet housing needs of low- and middle-income families, which is the principal part of urban families; secondly, stimulate the related industries, and promote the economic growth; finally, not form an over-heated property market. Thus, the state promoted the development of affordable housing projects by all means, including providing preferential policies, facilitating bank mortgage, and encouraging

transactions. The state's attitude led to a fast booming stage of affordable housing development, which is reflected on the amount of investment. In 1999 and 2000, the investment amount of affordable housing projects was more than 16% of the total investment on residential sector. From 1999 to 2002, more than 210 billion RMB was invested in affordable housing projects.

In 2003, the Notice of Promoting the Stable Development of the Real Estate Market, published by the state council, was believed to be a turning point of affordable housing development. In this official document, it mentioned the current job of housing reform is establishing a completed housing provision system and adjusting the housing provision structure, to progressively realize that the majority of families could solve living problems by purchasing or leasing ordinary commercial housing from an open market. For affordable housing, the focus switched back to its social security characteristic. From then on, the supply of affordable housing, was replaced by ordinary commercial housing, and began to decline rapidly. Only 51,918 million RMB invested in affordable housing sector in the year of 2005. In 2004, the MOHURD published the Affordable Housing Management Regulation, which has already 10 years passed since the first one published in 1994. Within this regulation, 'affordable housing' was regarded as a kind of commodity housing with protection nature, reasonable construction standards, regulated benefit groups, restricted selling price as well as preferential government policies. In the Regulation, although there is no such item clearly mentioned that affordable housing is a kind of commodity housing with limited ownership, it can only be exchanged freely after getting its ownership certificates for certain years. Besides the management fees, this time no more than 3% profit margin is permitted to account in when calculating affordable housing price. However, within the regulation, instead of pointed out clearly that affordable housing is for low- and middle-income residents, local governments were given greater freedom to determine beneficial groups.

The development of affordable housing recovered in 2006, with growths on both newly commenced area and investment amount. During that time, affordable housing was more publicly accepted as social goods, instead of economical goods. Affordable housing was also regarded as an important duty of the government in providing public services, under the state's mission of establishing a harmony society. Similarly, in the

newly published Affordable Housing Management Regulation, ‘affordable housing’ was defined as a kind of housing, providing to low-income urban households who facing living difficulties, with protection nature, reasonable construction standards, restricted unit size and selling price, as well as preferential government policies. Compared with the Regulation published three years ago, this time the benefit scope was tightened up from low- and middle-income families to low-income urban households who facing living difficulties. Meanwhile, the owner can only get the full ownership after 5-years’ occupation, as well as paying a premium to the local government.

The affordable housing development stepped into another booming stage since the end of 2008 till now. Within this period, instead of ‘affordable housing’, ‘housing with social security purposes’ is more frequently used in official documents. However, due to official definition of ‘housing with social security purposes’ was unclear, the affordable housing is still a major mean among the Chinese housing security system, based on the development plan set by the State Council.

Although the overall purpose was promoting development of housing with social security purposes, reasons behind the promotion were different before and after 2009. Since the end of 2008, the affordable housing, together with other approaches of housing delivery with social security purposes, was not only to solve housing difficulties and improve living quality, but was regarded as the first mean to expand domestic demands and to promote economic grow stably and rapidly. It can be regarded as one of the most important means to cope with the global financial crisis, which negatively influenced worldwide. Moreover, besides developing more affordable housing units, a series of policies were published to stimulate the real estate market, especially the residential sector since the second half of 2008. Although those policies worked effectively on stimulating the domestics demand and ensuring the GDP growth, they also led to excessive growth of housing prices as well as other related problems. Thus, in the beginning of 2010, the state believed that increasing the supply of affordable housing can be at some extent helpful on improving affordability level. Although the benefit group of affordable housing is still limited to urban low-income families facing housing difficulties at the central level, for those cities where the housing price was too high or increased too fast, the qualified scope can be

expanded by local governments. Moreover, the state also expected developing affordable housing could bring other benefits on social, economical and even political aspects, as well. Besides establishing a stable housing market, controlling the over-speed housing price increasing, and improving the housing provision system, the affordable housing, working together with low-rental housing and public rental housing, was also expected to change the economic developing mode, adjust economic structure, improve local image, redistribute incomes, and solve social conflicts.

By reviewing relative policies announced by the Chinese central government in the past 20 years, purposes of developing affordable housing were distinct. Affordable housing in China was firstly coming out for establishing Chinese housing provision system, which is a main concern of housing reform. Although, in the following years of development, the affordable housing always kept its focus on the lower end market, it seems that the state put more interests on other expected benefits than simply improving the overall affordability level. Similar as argued in other papers, that the Chinese government is the market builder, the state is also the builder of the Chinese housing market. Thus, the central government leads direction of market development and housing reform, by publishing policies. It is obviously that both investment amount and newly commenced construction areas of affordable housing sector fluctuated according to the state's attitudes and preferences towards affordable housing projects, while with a looser connection with the demand sector.

Developer's perception of "affordable housing"

At the practical sector, affordable housing in Nanjing is only one type of housing within the overall housing provision system for social security purpose there (Table 2). In Nanjing, there are many different regulations, rules and legislations detailed regulate aspects of each housing type within the system, such as the Nanjing Affordable Housing Management Implementation Rules¹, the Nanjing Low-Rental Housing Implementation Rules, and the Implementation Opinions on Speeding up the Transformation of Dilapidated Houses on published in 2008. Although the municipal government regulate and manage provision and allocation of all these houses by

¹ 南京市经济适用住房管理实施细则

publishing detailed management implementation rules, based on the direction guide given by the central government, it is hard to say that within actually practice, the developers, as the main affordable housing providers, share the same understanding of affordable housing .

Table2 Housing provision system for social security purpose

(Summarized from relative regulations and interviews with municipal government officials by author)

	Low-rental housing	Public rental housing	Affordable housing	Transformation of dilapidated house	Ownership replacement housing	Price limited commodity housing
Ownership	None	None	Limited ownership	Full ownership	Full ownership	Full ownership
	Rented only	Rented only	Free exchange after 5 years occupation	No limitation on transaction	No limitation on transaction	No limitation on transaction
Land	Free administratively allocated	Free administratively allocated	Free administratively allocated	Free administratively allocated	Public bidding, tendering and auction	Public bidding, tendering and auction
Price	Subsidized rental price	cost rental price	subsidized selling price, with 3% profit margin and 2% project management fees	market selling price	market selling price	discounted price, which is higher than affordable housing, but lower than ordinary commodity housing; 6% profit margin
	30% of market rental price	60% of market rental price				
Qualified occupiers	low income residents with no housing	Moderate income group	Low income urban residents facing housing difficulties	Resettlement families from previously shabby housing in aged residential area with higher amount of compensation fee	Resettlement families for large public municipal projects with higher amount of compensation fee	Low and middle income urban residents without any housing owned
	lowest income residents	New immigrants, new employees and new university graduates	Resettlement families with limited income level and compensation fee			

Nearly all developers interviewed do not have a clear definition on affordable housing, while some even cannot separate affordable housing with other types of housing with social protection characteristics. However, they just simply regarded affordable housing, together with other types of housing mentioned in the table, as government projects or tasks given by government. The reason behind is mainly due to the limited

freedom of developers, as well as the strong role and active participation in affordable housing development. For affordable housing projects, both the municipal and district governments participated a lot in the whole process development. Their jobs include selecting suitable sites, designing the whole projects, selecting developers, regulating construction standards, as well as selling units to qualified occupiers. However, in contract, the only thing, for developers, to do is to complete the whole projects according to instructions given by using their capacity and experience in property development. The developers' involvements only significantly reflected by its huge inputs on monetary term. Due to this way of affordable housing development, some developers refused to agree that they are the key player during the whole development process, but consist that they just come and bring requested money and employees in to complete the whole projects, as they hardly agree that they have any freedom and determinative power in affordable housing projects. For one of the largest local property development companies, which reformed from previous government departments, its vice general manager said the way of developing affordable housing is the same as housing construction per-reform stage, which was under the central-planned economy.

Most developers believed that the overall development approach of affordable housing has nothing different from as ordinary property developments, or may be even simpler, as developers only need to involve in parts of the developments. However, developers put their interpretations of affordable housing focusing on free administratively allocated land. It seems that the administrative allocated land is a unique characteristic of affordable housing from the developers' point of view. Although the municipal government design each type of housing for specific purpose or occupiers, many developers think low-rental housing, public rental housing, and transformation of dilapidated houses can be called "affordable housing" as well, as lands of all these projects are allocated by the government freely. However, they could separate affordable housing from the ownership replacement housing and the price-limited commodity housing, even the former one is for resettlement purposes as well. Developers claimed that the key difference is that, be different from affordable housing, in order to develop those two kinds of housing, the developers need to participate in public bidding or auction from an open market. Thus, the developers need to think whether such projects are worth to do, as they may spend a lot on the

land purchasing, especially when considering the 6% profit margin limited on price-limited commodity housing projects. Developers' key concerns on land may not only due to land availability, but also because lands from public bidding and auction in the open market are too high to affordable, especially for small- and middle-scale development companies.

Although most developers insisted that they care little about the occupiers as they do not have any determinative power on that, they all understand that almost all affordable housing projects in Nanjing were use for resettling those loosing their home in urban redevelopment and expansion, instead of to low-income households facing living difficulties, which was one of the original purposes from the central government. This paper has no attempt to join the debate on the legality and rationality of using affordable housing for resettlement purpose, but to understand whether its resettlement allocation purpose influence developers' interpretation of affordable housing. However, developers think that affordable housing for resettlement purpose, which is regarded as the most urgent housing needs by the municipal and local government, may reduce risk of projects. Firstly, government's pressure of reallocating those housing loosing groups as soon as possible increased the government's active participations. The active participations reflected in many aspects, such as helping developers getting all kinds of permissions before development, but all to shorten the overall development period of affordable housing projects. Moreover, as compensation fee is normally used for affordable housing purchasing, the developers bears lower risk on getting money back.

Normally, affordable housing units were handed over to local government and/or municipal government after completion, and were paid by the government according to the overall development costs, regulated profit rate and proportion of management fees. However, exception happened to one special group of developers, the government subsidiary development companies, which is directly controlled by the government sector. They can be regarded as one part of their authorized government, not only due to the directly control from the government sector, but as their managerial staffs mostly hold a position in the government as well. For affordable housing developed by them, they could only receive the amount of money equal to the total amount of compensation fees, which may lower than the actually total costs, as

the government would not pay any extra money to its subsidiary company. Thus, the managers of government subsidiary companies said that although they were asked to be self financial independent, their key responsibility is to complete all kinds of projects according to government's requests, instead of making profits and be competitive in the market place. They regard affordable housing as a kind of social welfare provided for the government's mission of building up a harmony society.

Developers' interpretation of affordable housing reflected different concerns of what wrote in policies. Although nearly all developers regarded affordable housing as government-led projects with limited freedom, developers' attention still put on parts which could influence cost and return. Thus, standing on the developers' side, affordable housing can be defined as a kind of housing built on free administratively allocated land with limited unit-size and construction standards, and sold to qualified buyers by the government at subsidized price determined by the government.

Conclusion

This study suggests that interpretation of affordable housing varied a lot in different time period, as well as between presentations on policies and practice in reality. Although the official way of presenting affordable housing changed frequently, in the practical sector, developers' attitudes and understanding of affordable housing seems more stable. This difference reflects different concerns on affordable housing between developers and government.

Although affordable housing in China is for urban residents with lower income, which is similar as many other countries, many other expected benefits were put on affordable housing sector as well, such as establishing the housing provision system, stimulating domestic demand, and improving economic growth, besides simply improving overall housing affordability level. At different time period, the state held different expectations on affordable housing, which can be reflected by changes on both investment amount and newly commenced construction areas of affordable housing. Thus, the development scale of affordable housing has a looser connection with actual demand and affordability level in housing market, but reflects the state's attitudes towards housing reform, even the state's expectation over national economic growth. This kind of less closed connection also can be explored from developers'

perspective. For developers with limited freedom in this kind of government-led project, they only pay attention to those parts they can actually control and those factors may influence costs and returns. Thus, developers interpreted affordable housing as housing development with free allocated land and reduced and relieved fees, and/or housing projects with limited profit margin.

Affordable housing in Nanjing was used mainly for resettlement purposes, however, it is not a new story, but also appear in many other cities, such as Beijing, Tianjin and Wuhan. Although this kind of use is not forbidden by the central state, it is still different from the original definition in the policies announced at the central level, as it may also achieve goals such as establishing a stable community by filling the most urgent needs. Although, this research is not attempted to argue the affordability level of affordable housing to its target occupiers, it may be able to explain that why affordable housing is still too expensive to its target group. Thus, different interpretations of affordable housing between government sector and practice may link to arguments in ineffectiveness of affordable housing, which can be explored in future studies.

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