

Abstract

Housing reform in China has proceeded on two tracks: privatization of public housing and development of a new private housing sector. During this period of transition, rents have remained relatively low in the remaining public housing, and purchase prices offered to occupants of public housing have been well below market prices. Although these rents and prices are partly based on known formulas, there is considerable variability in how much people pay for similar apartments. This study uses 2000 Census data to estimate the housing subsidy received by the remaining renters in the public sector and purchasers of public housing, based on private sector prices for housing of comparable quality and size. The paper also analyzes variation in the estimated discount from market prices that these people receive. The findings show that the biggest winners in China's transition from socialist housing allocation are those who were favored in the previous system, based on such factors as residence status, education and occupation.