

Abstract

Cities, Land and Housing in China: Genesis of Problems and Prospect for Reform

China's urbanization process and its distortions over the last three decades are closely related to the economic growth model under which cities compete for FDI and outside investments. The local governance structure and tax sharing system significantly shape the behavior of urban governments in land concessions and local borrowing. The peculiar urban housing market behavior in recent years has a lot to do with the urban land supply mechanism and other macro-economic factors. The reform directions announced by the third Plenum of the 18th CPC Central Committee intends to break away from this growth model, and facilitate a more efficient, inclusive and sustainable urbanization process. However, difficult barriers have to be overcome during the implementation of urban reforms in the areas of urban planning, land policy, property taxation, and financial sector.