



# **Promoting a Public-Private Partnership Platform to Develop and Finance Affordable Rental Apartments in the People's Republic of China**

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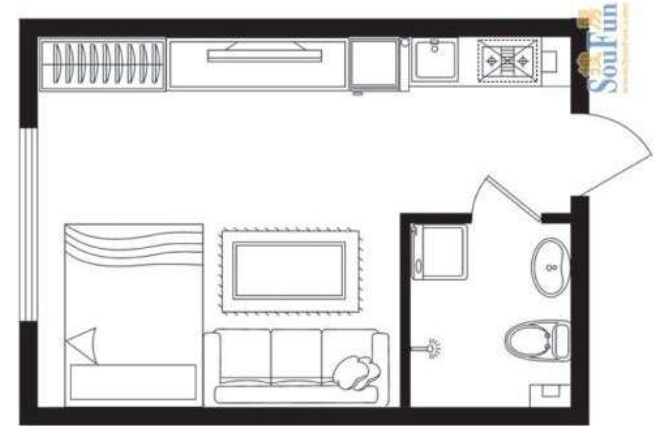
# What are “Affordable Rental Apartments”?

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- **公租房 -- 千万套保障房的重要组成部分**
  - “十二五”期间开工建设**3600万套**城镇保障房
    - 覆盖全国城镇**20%**住房困难家庭
    - **The targets have been decomposed to all cities**
  - 保障房4层面: 限价房、经济适用房、廉租房和公租房
- **“For Rent Only”, Cannot be purchased by the residents**
- **Relatively New:**
  - 2010年6月12日: 住房城乡建设部等七部门联合制定 [《关于加快发展公共租赁住房的指导意见》](#)
  - 2011年10月19日: 北京市建委公布 [《关于加强本市公共租赁住房建设和管理的通知》](#)，公租房首次向非京籍开放
  - 2012年8月9日: 非京籍人员申请北京公租房出现实质性进展。石景山颁布了北京首个具有实际操作意义的公租房申请程序和标准。
  - 2012年7月15日: [《公共租赁住房管理办法》](#) 开始施行

# What are “Affordable Rental Apartments”?

- **Target Clients:**
  - 城镇中等偏下收入住房困难家庭
  - 新就业无房职工
  - 在城镇稳定就业的外来务工人员
- **Size:**
  - 控制在60平方米以内，以40平方米为主
  - Can be as smaller 10m<sup>2</sup> per unit for single resident
- **Rent:**
  - 租金按照略低于市场价格(How to determine)的原则确定 (75%?)
- **Clean Development:**
  - 以满足住房困难家庭的阶段性需求为导向
  - 坚持安全、环保、实用和经济原则
  - 合理选择实用的建设技术和建筑工程材料
  - 达到节地、节能、节水、节材和环境保护的要求



# Magnitude of the Challenge in the PRC

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- **Alleviation of Urban Poverty:**

- Urban population living in slums has fallen in percentage (44% in 1999 to 29% in 2009) but has actually increased from nearly 132 million in 1999 to over 180 million by 2009

- **Massive rural-to-urban migration:**

- more than 30 million each year until 2020

- **Financing Needs Exceed CNY 5.0 trillion**

- 36 million units x 30 m<sup>2</sup> > 1.0 billion m<sup>2</sup>
- CNY 5,000 per m<sup>2</sup> → CNY 5,000 billion
- The need for PPP

- **Difficulties faced by the local government financing platforms**

- 在推进城乡住房保障过程中，财政政策发挥了重要作用。
  - 各级财政每年用于保障性住房的资金，已从2007年的98.23亿元增加到2011年的3342.91亿元，年均增长141.5%。
  - 2007年至2011年，全国各级财政累计用于保障性住房的支出达6419.78亿元，其中，中央财政专项补助资金从2007年的72亿元增加到2011年的1713亿元，年均增长120.9%，中央财政累计下达专项补助资金3297.29亿元，占全部支出的51.4%

# BOT for Affordable Rental Apartments

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- **Development Challenges to Address:**
  - **Market Failure**
    - Apartments are too expensive to buy
    - Rental markets are fragmented
  - **Policy Imperfection**
    - Real estate markets are under strong control, without achieving the policy goal of making “housing” affordable
    - Local governments do not have expertise, experiences or/and financial resources to develop affordable rental apartments
- **Financial Innovations to address the challenges for inclusiveness, sustainability, and social harmonization**
  - **Public-private partnership:** Structuring a commercially viable and bankable project
  - **BOT financing modality:** mobilizing money from capital markets

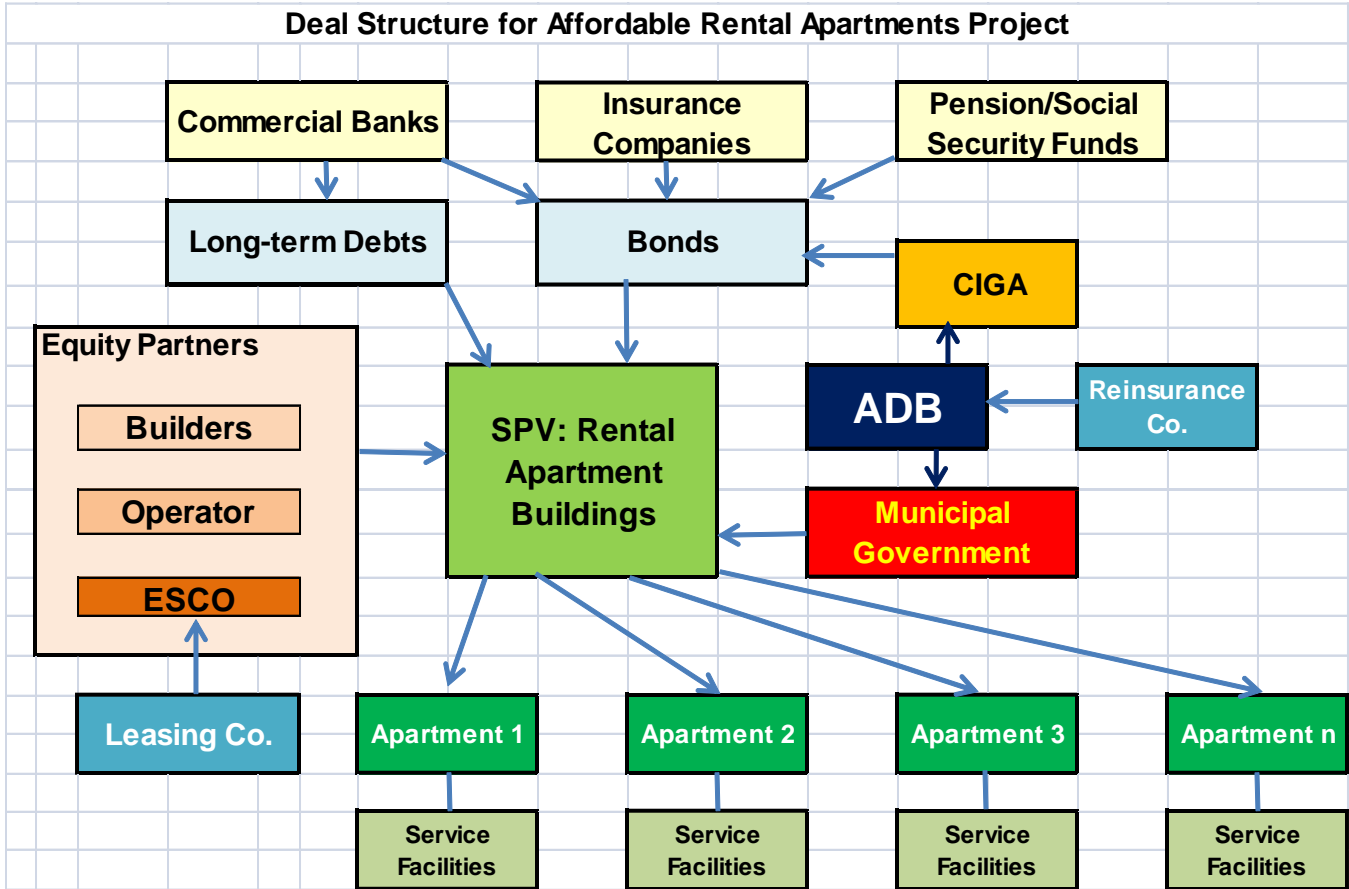
# PPP for Affordable Rental Apartments

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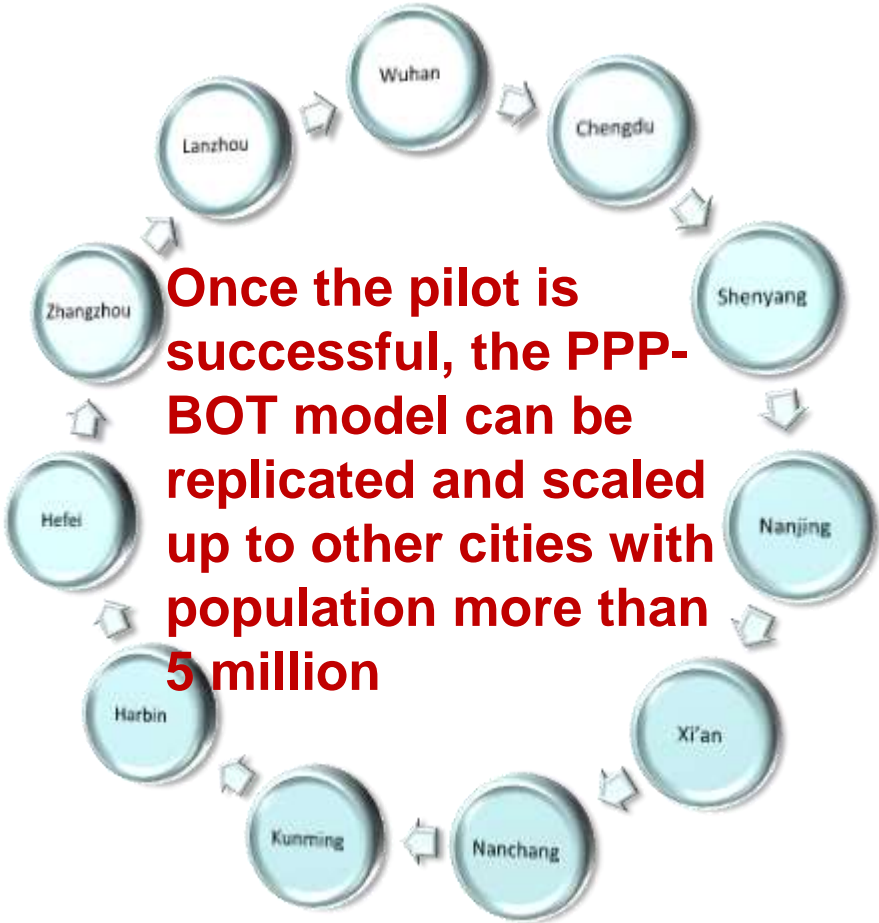
Public Sector	Private Sector	Market Output
Policy Support	Planning	Availability of ARA
Land Allocation	Financing	Employment opportunities
Tax Exemptions	Construction	Land value appreciation
Volume Guarantees	Operation	Fiscal revenues from businesses
Subsidies to the Poor	Transfer	Cash-generating assets at T



# “Affordable Rental Apartments”: Project Scope



# BOT for Affordable Rental Apartments: Scalability





# “Affordable Rental Apartments”: Processing Timeline

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- **Fact-finding**
  - ADB internal PPP
  - Market Assessment
  - Survey Financial Sources and Instruments
  - Policy and Social Analysis
  - Summary of International Experiences
  - Preliminary Deal Structuring and Financial Modeling
  - Partnership Building
    - Local governments/Private Sector Partners/Financiers
- **Project Conceptualization**
  - Legal
  - Risking
  - Financing
- **IC Endorsement**
- **Due-diligence**
- **RRP and internal Reviews**
- **Board Approval: December 2013**

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**Many thanks to you!**