

## Research of Public Housing Policy in Taiwan

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### 1 ABSTRACT

Housing demand is one of the basic needs for human's life. Recently, however, housing prices increase dramatically and the situation of income distributes difference extremely, makes the households which cannot buy the house or afford the rents increasing year by year, especially for the economically disadvantaged groups. Thus, the government declares public housing policy to solve these problems. And „Public Housing“ is the most popular one in Taiwan. „Public Housing“ is emphasis on „sale-style“ housing, cannot clear up the issue of people who cannot afford the rents of the house. Hence, this study will collect the experience and implementation of public housing policy in Taiwan and figure out why it cannot solve the problem of housing demand.

### 2 INTRODUCTION

In Taiwan, having houses and lands represents people's property and status, therefore, “Having a House” is the ultimate goal people wants to pursue and it is also the focal point in long-term housing policy of Taiwan. However, the land is limited in Taiwan and with the rapid growth of population; the out-of-balance phenomenon of the housing supply becomes seriously and it not only challenges the concept of “Having a House”, but also becomes an essential issues for the government.

“Public Housing” is the house built to help the middle and low income family to solve the problem of un-affordable rents or prices of housing. In the past, “Public Housing” did help a lot of low income families to solve the living problem, but the experience of the depression in real estate market and the competitiveness of country-made product are lower than private company made product, causes unsalable in public housing and makes the central government discontinue the public housing policy.

However the problem of high housing price especially in Taipei city, still cannot be solved. And in the election of this year, non-government organization proposed “Social Housing” requiring the government look after the basic need of living for disadvantaged groups and it caused a sensation in Taiwan so now the government wants to stir up the “Social Housing Policy”.

In this study, we will not only introduce the history and process of public housing, we will also point out the problems when implement the public housing policy as the sample which will be noticed when carry out the “Social Housing Policy”. Owing to the “Social Housing Policy” still an idea in Taiwan, there is no clear ways of implementing; we will only give a brief introduction of “Social Housing” in Taiwan.

### 3 PUBLIC HOUSING PROGRAM IN TAIWAN

Public Housing is the house which is built by the government or people built by themselves with low interest loan, or built by the non-governmental company, used to sell or rent out to middle and low income family. These housing not only could take care low income family, improve their living environment but also could increase their quality of life and advance the social welfares. Since practicing the policy of public housing, more than 300,000 families were be settled down and the government also revises the Acts of public housing and the related laws of housing positively. In the following paragraph, we will introduce the process of the Public Housing Program and its efficiency and difficulties of implementation.

### 4 REVIEW THE PUBLIC HOUSING PROGRAM

#### 4.1 1953~1974

In order to settle down the disaster-stricken family caused by a typhoon in 1953 and for the army's family in the country, the government rebuild the house and army's family's village respectively, this is the beginning of subsidy in house for the government, but there is no relevant laws in this moment. The first legal laws of the subsidizing of housing-„The Construction of Public Housing Loan Regulation“ was announced until 1957, and it was the foundational system of low interest loan and long term repayment of purchasing/building housing in the later few years.

In 1959, the Provincial Government built the unit constructed by government actively in order to sell the house with prime cost to low income family, besides, the government announced and practiced „Construction Administration of Public Housing” to make up a deficiency of „The Construction of Public Housing Loan Regulation“ and it is the beginning of local government get involved the public housing.

#### **4.2 1975~1981**

After the crisis of oil in 1973, the inflation and price rise make people purchase the housing to preserve their property, causing the price of real estate rise dramatically. And the most influential one is the low-income household who really needs the house but their income cannot afford the rising housing price, causing the government pay attention to dwelling construction. Therefore announced the „Public Housing Act“ in 1975, imitated the Singaporean system, set up the public housing was constructed concentrate by the government and rent out or sell to low income family. Moreover, the act also framed to assist lower-income household in remote areas self-built housing. In this Acts, also stipulate especially the ways of obtaining the lands of public housing to ensure the government have stable source of lands to build the public housing.

To cooperate with „the Six-Year Economic Development Plan of Taiwan” issued in 1975, „the Six-Year Construction of Public Housing Plan” was brought out in 1976. And it totally built 68,045 units of public housing during six years and 13,310 among them was trust to build. Moreover, “Building Public Housing” was involved in one of the National’s Construction Plan in 1979.

#### **4.3 1982~1989**

After the „the Six-Year Construction of Public Housing Plan” was practiced, purchasing public housing was the main way for middle and low income group to enter the housing market. In the same time, the government had the problems of getting the lands and lacking flexibility process and so on. The government revised the „Public Housing Act” in July of 1982, and also added two different ways to build the public housing excepted the construction directly by the government. The first one is „Constructed by Dweller with Government Subsidized Loans” and the other one is „Constructed by Subsidized developers”. Hope through these two ways to increase the units of public housing and reduce the house price.

In 1986, there is a great depression in real estate market, the public unwilling to buy the houses and parts of the public housing have poor selling so the government reduces to build the units of public housing. But in 1987, there has a prosperous improvement in real estate market and it met the high peaks in 1989. It not only made housing prices increase significantly but also made most of the public cannot afford the house, therefore there is a “Snails without Shells Revolution” to protest the sharply raised of the housing price and imperfect housing policy.

#### **4.4 1990~1999**

On late 1980, the price of the real estate still remained high, middle and low income household have great demand to house but they unable to purchase the house, so the government declared to construct the public housing in a great number and attempted to solve the purchasing problem among the middle and low income households. In the meantime, the government announced „the Regulations of Purchased with Government Loan Assistance“ to support the low income family shopped the housing built by private company through subsidizing of the interest of loan. It was the first time to execute the regulations, there was less people to apply.

#### **4.5 2000~2004**

The supply of market in real estate exceeds the demand during this period, the real estate market is depressing, in order to withdraw and shake the real estate market the government published „Measures to Improve the Real Estate Market” to prevent the long-term depression of real estate market from causing overall economy and financial crisis. At the same time, the government suspended the „Constructed by Government” and „Constructed by Subsidized Developers”, but still carried out „Purchased With Government Assistance” and „Constructed by Dweller with government Subsidized Loans”. In order to implement „Measures to Improve the Real Estate Market”, the government also suspended „Constructed by Dweller with government Subsidized Loans” in 2002.



The government also revised „Public Housing Act” in this section, loosen the restrictions of reselling the public housing. That is, the resident of public housing could sell the house as long as after living full one year and the buyer did not have any qualifications. Therefore, the newly-built public housing may be the same as general housing because the property right is transferred in full year.

#### 4.6 After 2005

In 2005, the government rewrote“Public Housing Act” to make the maintenance and management of public housing community following the „Apartment Building Regulations” to urge the people managed the community. Meanwhile, the Executive Yuan published „Overall Housing Policy” in order to perfect housing market and improve the quality of life.

### 5 FOUR DIFFERENT WAYS TO BUILD THE PUBLIC HOUSING

The construction of public housing is for looking after the low income family, solve its living problem and improve the quality of their life. From 1976 to 2008, the government declared „Constructed by Government” , “Constructed by Subsidized Developers”, “Purchased With Government Assistance” and „Constructed by Dweller with government Subsidized Loans” four different ways to increase the amount of public housing. Until now, it totally assists more than 540,000 households. In the following section, this study will point out the numbers of the construction in four different ways and will also give some statistics in table 1.

#### 5.1 Constructed by Government

From 1976 to 1999, the completion amounts of the public housing constructed by government were more than 170,000 units. And in“the Six-Year Construction of Public Housing Plan“ period, it probably built 68,045 units. 1982 to 1985, the units of public housing decreased, but in 1976 to 1999, the government constructed approximately 80,000 units of public housing.

#### 5.2 Purchased With Government Assistance

1976 to 2008, it had about 47,407 units of the public housing purchased with government assistance, but in Taipei city and Kaohsiung city they did not have this business.

#### 5.3 Constructed by Subsidized Developers

In 1984, the government began to implement“Constructed by Subsidized Developers“ , but the real estate was depressed at the same time and not until 1987, people started to apply it. 1987 to 1999 probably had 67,479 units of public housing constructed by subsidized developers.

#### 5.4 Constructed by Dweller with government Subsidized Loans

Till 2008, the government checked and ratified about 250,894 units of public housing constructed by dweller with government subsidized loans. Kinmen County and Lienchiang County, however, did not have this kind of business.

years	Constructed by Government	Purchased With Government Assistance	Constructed by Subsidized Developers	Constructed by Dweller with government Subsidized Loans
1976~1981	68,045	3,897	-	-
1982~1985	26,748	18,533	-	-
1986~1989	2,930	7,668	502	-
1990	14,096	2,604	562	1,318
1991	3,605	2,067	6,460	1,344
1992	11,424	1,234	3,281	6,805
1993	5,970	2,066	6,074	8,562
1994	9,363	1,388	9,321	18,155
1995	11,092	1,121	10,324	9,542
1996	9,478	1,243	7,575	21,075
1997	6,035	1,193	6,558	17,770
1998	6,017	919	9,600	13,458

1999	88	981	7,222	13,901
2000	-	913	-	5,921
2001	-	730	-	651
2002	-	-	-	952
2003	-	523	-	-
2004	-	220	-	860
2005	-	-	-	-
2006	-	-	-	-
2007	-	107	-	-
2008	-	-	-	-
Total	174,891	47,407	67,479	120,314

Table 1: the statistics of public housing (Units: household). Source: Construction and Planning Agency Ministry of the Interior 2008

## 6 INEFFICIENCY IMPLEMENTATION

The government began to process the public housing program since 1976, until now it had assisted more than 500,000 families but there is inefficiency when practiced the program. In the following section, we will bring up some problems when implemented the program.

### 6.1 The design of the public housing is not good

The most common phenomenon of public housing built by the government was that the design and planning was not fit the people need and was not consider the local characteristics. That made the public housing cannot be accepted by local people and had many problems among the neighborhoods. In order to reduce the construction cost, the public housing always had dull decoration and single sample, besides, the designer didn't consider about the design of the street or make green by planning trees, that all made the near community dislike the public housing.

### 6.2 The restrictions of resale is loosen

The qualifications of the resellers and buyers are as follow:

#### 6.2.1 Qualification of the grantor

- If the public housing was constructed less than 15 years, the grantor had to live in full year before reselling the house.
- If the public housing was constructed over 15 years, there is no regulation of living period.

#### 6.2.2 Qualification of the assignee

- The assignee who has meet the qualifications of purchasing public housing, could according to the grantor's remaining sums and times of the loan apply the loan of public housing.
- If the grantor pays off the principal and interest of the public housing loan, anyone could buy the public housing.

From the above, we can know that, as long as the grantor living at least one year can resell it to common people. It not only rose the willing to possess the public housing among middle and high income families, but also caused the supply is unable to meet the demand.

### 6.3 The price of public housing is not par

Recently, the housing price is increasing sharply in Taiwan that makes the investor turn to put money into public housing. As long as the investor has a chance to purchase the public housing and meet the legal regulations of reselling, they can resale the house in market price and gets lots of gain from it. Moreover, the qualifications of the buyer is too loosen that have more incentive enter the market of public housing. And this kind of situation, not only makes the price of public housing not par but also cause common people cannot afford the public housing.



## 7 CONCLUSION

“Public Housing” was the program government proposed to solve the problem of high housing price. And through built “sale-style” housing which was lower than the market price in order to meet the public demand of purchasing houses, it is a housing investment policy. However, the quantity of the public housing only accounts for 3% of total numbers of housing; it did not have significant effects in real estate market. Moreover the restrictions of the reselling is loosen, that makes the public housing supply cannot meet the demand. And only the middle income household could buy it, and for disadvantaged groups, such as low income families and the senior citizen live alone still could not afford it. Therefore, the government needs to develop a new housing policy such as social housing to clear up the housing problems.

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