

Housing in China: Institutional Cornerstone and Demographic Shackle for Family Formation

Cai Zhengrong¹ & Rusmawati Binti Said¹

¹ School of Business and Economics, Universiti Putra Malaysia, Malaysia

Correspondence: Rusmawati Binti Said, School of Business and Economics, Universiti Putra Malaysia, Selangor, Malaysia. E-mail: ^ags62161@student.upm.edu.my, ^brusmawati@upm.edu.my

Received: July 28, 2025; Accepted: August 6, 2025; Published: August 11, 2025

Abstract

China's housing system has undergone profound changes, and its core function has transcended its mere residential attributes, it has become a key institutional foundation for shaping family structure and population development. With the advancement of urbanization and marketization, housing not only serves as the material space for families but also deeply influences social foundations such as intergenerational support and marriage and childbearing decisions. However, the current housing system is increasingly at odds with the rapidly changing trends of family downsizing, low birth rates, and an aging population, as well as diverse housing needs. Rising housing costs, structural gaps in affordable housing, and institutional barriers are quietly transforming into significant obstacles that inhibit family formation and development and exacerbate population structure contradictions. It is imperative to examine their deep-seated impacts and optimization directions from the perspective of institutional interdependence.

Keywords: housing system, family development, population change, policy interaction, support function

1. Introduction

Housing policy design and implementation play a pivotal role in China's social transformation. It is not merely a provider of physical space but is deeply embedded in the family life cycle, serving as the material foundation and social symbol for marriage, child-rearing, and intergenerational support. As modern family structures accelerate toward smaller, more nuclear units, and the population enters a new phase characterized by both low birth rates and aging, the traditional housing supply model centered on scale expansion and property acquisition is facing unprecedented challenges in terms of adaptability. The path dependence of institutional design perpetuates the traditional orientation toward prioritizing the scale of housing supply, creating tension between the resource allocation model formed historically and the contemporary trend toward smaller family sizes. The coverage gaps in the housing security system are most evident in the rigid frameworks of household registration thresholds and income recognition standards, which fail to align with the fluctuating income characteristics and cross-regional mobility needs of new employment forms. The high cost of housing continues to erode the wealth accumulation capacity of young people, weakening the material foundation and intergenerational support potential for new married couples' reproductive decisions. The interplay of these three factors has led to a structural shift in the supportive function of housing, with the cost of housing reinforcing the feedback loop of delayed marriage and childbearing. Mismatches in affordable housing supply exacerbate housing pressures in areas with population inflows, while institutional barriers hinder the optimal spatial allocation of labor according to market principles.

2. The Interdependent Theory of Housing Systems, Family Development, and Population Change

2.1 *The Function of Housing as the Material Foundation of Families and a Vehicle for Intergenerational Support*

Housing systems profoundly influence the allocation of living space at different stages of the family life cycle through property rights arrangements and spatial distribution mechanisms, laying the material foundation for the daily lives and reproduction of family members. A stable residence serves as the core arena for intergenerational interaction, directly influencing key aspects such as adult children's independent living arrangements, newlywed couples' family formation, and the care and support of elderly parents. Differences in institutional design profoundly shape the ability and methods by which different generational groups access housing resources, thereby impacting the spatial accessibility and functional sustainability of family support networks. The physical and social attributes of housing are highly integrated in this context.

2.2 The Evolutionary Logic of Housing Policies Under Institutional Change Theory

The evolution of housing policies in China has been guided by a dual logic of institutional path dependence and adaptation to external environmental changes, shaping the transformation of China's housing system from welfare distribution to market-based allocation. Policy adjustments have responded to the economic development goals and social structural changes of different periods, gradually establishing an institutional framework that combines market-based housing supply with a safety net of affordable housing. This framework accommodates the practical needs of smaller family sizes and accelerated population mobility, driving adaptive innovations such as the protection of rental rights and shared ownership models. Continuous institutional adjustments balance efficiency and equity objectives, seeking dynamic stability between property rights incentives and the protection of housing rights, resulting in a spiral-like evolutionary characteristic of policy development [1].

2.3 The Transformation of Housing Demand Due to Changes in Family Structure

The fragmentation of family structures is profoundly reshaping the underlying logic of residential space. Policy design must address the demand from childless couples to reduce bedroom space, which is forcing building codes to lower minimum room width standards. The frequent medical needs of elderly couples are driving elevator configuration standards to be strictly linked to a three-kilometer radius of community medical resources. Developers' product R&D systems are being forced to respond to the mini-unit revolution driven by the single economy, with youth apartments eliminating traditional living room designs and instead pre-installing adjustable pipeline interfaces in mezzanines. The four-year growth cycle of two-child families requires that children's rooms be pre-equipped with load-bearing wall removal points and reinforcement plans, which must be filed simultaneously. The existing housing renovation market has seen a rigid demand for intergenerational functional compensation. Children living in other regions who purchase elevator-equipped housing for their parents must simultaneously resolve the settlement channel blockage for housing provident fund payments for elderly-friendly renovations. Multi-child families face institutional barriers linked to fire safety inspection standards and educational household registration when dividing rooms within existing school district housing. Community governance structures are under pressure from innovations in family mutual aid models. When elevator installation projects in old residential areas encounter resistance from lower-floor residents, an automatic compensation adjustment mechanism for adjacent units' elderly-friendly renovations must be triggered. The demand for independent water and electricity meters among young people sharing accommodations is forcing property management companies to upgrade the physical carrying capacity of the main network of their household metering systems.

2.4 The Deep-Seated Constraints of Population Change on Housing Supply

The dynamic evolution of population structure directly reshapes the spatio-temporal distribution characteristics of family housing demand. Changes in intergenerational population ratios give rise to differentiated functional requirements for housing types. The accelerated aging process has created a widespread need for elderly-friendly bathroom renovations. Areas with concentrated migrant populations face significant pressure from the concentrated supply of short-term rental housing. Policy makers' planning adjustment logic must identify the impact of fluctuations in birth rates on construction cycles. The growth curve of newborns requires mandatory standards for childcare facilities to be embedded in newly developed communities to be rapidly updated. Fluctuations in the peak population of school-age children force the restructuring of the supply rhythm of residential land for educational facilities. The delayed marriage and childbearing cycle of young people drives the dynamic increase in the land allocation ratio for small-scale residential units. The self-regulatory functions of market mechanisms are insufficient to address regional imbalances caused by population migration. The absorption of vacant residential stock in labor-exporting areas must align with elderly care integration renovation plans for the aging population. The strained rental market in population-inflow areas urgently requires the delegation of approval authority for collective land use in affordable housing construction. The growing commuting demand within urban clusters necessitates relaxing existing technical standards on floor area ratios for residential developments near transit stations. The response mechanism of the housing supply system has long been constrained by institutional lags in population forecasting and land development. The conversion of census data into residential construction indicators involves at least a five-year mismatch, and the pace of renovating existing housing cannot keep pace with the trend toward smaller family structures. The waiting period for affordable housing exceeds the window of opportunity for newly employed groups to marry and purchase homes. The rigid spatial resource allocation model conflicts with population mobility characteristics. Public service provision constrained by household registration systems hinders the release of genuine demand for rental housing. School district division rules restrict the flexible adjustment of living space for families with multiple children.

The pace of renovation in old urban areas lags behind the demand for aging-friendly renovations in areas with a high concentration of elderly residents [2].

3. The Practical Dilemmas of Housing Systems in Supporting Family Development and Population Constraints

3.1 The Inhibitory Effect of High Housing Costs on Marriage and Childbearing Decisions and Family Formation

The pressure of housing costs significantly delays the time when young people achieve housing independence and economic autonomy, which weakens the economic foundation and psychological expectation for them to form new families. The continuously rising housing purchase burden and rental expenses squeeze the disposable income space of families, forcing potential marriage - and child - bearing groups to extend their career accumulation periods to reach a safe threshold for housing. The dual pressures of housing affordability and child - rearing costs interact, objectively prolonging the waiting period for marriage and child - bearing decisions. Additionally, some people of the right age passively adjust their family development paths, postponing marriage registration and the birth of their first child to match the improvement of their housing conditions. Moreover, the imperfection of the tiered housing consumption system further restricts the feasibility of family housing upgrades. The short - term contracts and frequent relocations in the rental market exacerbate the instability of the child - bearing environment.

3.2 Insufficient Coverage of Diverse Family Types by the Affordable Housing System

The eligibility criteria for affordable housing are not adequately aligned with contemporary changes in family structure, leaving some non-resident households and new urban residents outside the scope of the current affordable housing system. The system's design has lagged in responding to emerging living arrangements such as single-person households and multi-generational cohabitation, resulting in a lack of effective channels to meet the transitional housing needs of young adults and the housing needs of elderly empty-nesters. The proportion of rental-type affordable housing is too low, and its spatial distribution is too far from employment centers, weakening its ability to provide stable support for the housing needs of migrant families. There is a tendency to overly focus the allocation of affordable housing resources on property-ownership-type housing, thereby neglecting the role of rental housing in providing a safety net for families at critical junctures in their life cycles.

3.3 Institutional Barriers Hindering Family Stability and Mobility

The changes in the population structure have profoundly reshaped the core housing space needs of families. The miniaturization of family size and the diversification of living forms have become the main features of the current market. The housing system supply faces obvious challenges of insufficient adaptability. Some product design standards fail to fully meet the different needs of single people and empty - nest families, and there is room for improvement in the precise support of policy tools for the transformation of the family life cycle. Young families face significant pressure when trying to obtain an affordable first - home. The high entry thresholds in first - tier and core cities limit the initial ability of new urban residents to settle down. The separation between work and living spaces exacerbates their commuting burden and living costs. The current household registration policy and management processes indirectly inhibit the efficient flow of human resources. Cross - regional employment groups often encounter obstacles in accessing supporting public services, which structurally restricts the decision - making of urban and rural families to migrate to regions with better employment opportunities. The housing security system needs to expand its coverage. The entry and exit mechanisms of affordable housing do not fully match the complex nature of the dynamic changes in family income, leaving some vulnerable groups facing temporary housing difficulties. The real - estate market regulation policies still need to increase their support for families' improvement - oriented housing needs. The lack of effective financial policy support for the concept of tiered consumption restricts the channels for families to reasonably adjust their housing conditions according to their actual needs [3].

3.4 Mismatched Housing Resources Exacerbating Population Structure Contradictions

Urban planning concepts have shown a certain degree of lag in responding to rapidly evolving family structures. Traditional residential area planning has insufficient foresight regarding changes in population age distribution, leading to misallocation of spatial resources. The layout of supporting facilities in newly developed residential areas has failed to adequately adapt to the diverse life cycle needs of modern families. The cross-regional reallocation of labor resources faces substantial obstacles. The cost of living in regions where industrial development is concentrated is significantly higher than in surrounding underdeveloped areas, creating an invisible barrier that restricts the rational flow of talent and exacerbates structural imbalances in regional human capital. The uneven spatial distribution of educational and medical resources reinforces families' inertia in settlement choices. Regions with highly concentrated high-quality public services objectively drive up housing premiums,

forcing middle- and low-income families to extend their commuting distances or sacrifice their quality of life. The resource allocation system has shown insufficient flexibility in addressing the trend of population aging. The renovation of old residential areas has struggled to meet the growing demand for aging-friendly renovations, and regions with strong elderly care needs face shortages in specialized care facilities. There is a spatial mismatch between the layout of affordable housing construction and industrial clusters. In some employment-intensive areas, the supply of rental housing lags behind actual labor demand, forcing new employment groups to bear the comprehensive costs resulting from the separation of work and residence.

4. Optimization Pathways for Housing Systems to Promote Family Development and Adapt to Population Changes

4.1 Establishing a Lifecycle-Based Housing Support System

The evolution of household size and changes in intergenerational structure are constantly reshaping the core demands for housing forms. This dynamic development characteristic requires the housing system to possess the inherent adaptability to meet the housing needs of different life stages. Therefore, establishing a housing support framework that spans the entire life cycle has become a foundational institutional design direction in response to demographic changes. Institutional design must precisely cover the entire trajectory of family structure evolution. Land allocation conditions must incorporate rigid constraints for differentiated housing unit configurations. Land supply structures should proactively adapt to the demand for small-scale living units during the single stage of life and reserve flexible space for functional upgrades in multi-generational cohabiting households. Housing development standards should prioritize age-friendly design principles. New residential projects must ensure the basic configuration of accessible pathways, with plumbing interfaces pre-installed in bathroom spaces to accommodate future aging-friendly renovations. Housing unit designs must also consider the need for independent living spaces as children grow older. The housing policy toolkit should establish a demand-driven response mechanism. In the process of determining eligibility for home purchases by young families, explore a model linking points-based scoring with social insurance contributions. The supply plan for talent apartments should be seamlessly integrated with the period for cultivating the purchasing power of commercial housing. For families with two or more children seeking to upgrade their housing, tax incentives may be activated. Public service resource allocation strategies are closely aligned with the characteristics of the housing life cycle. Education authorities need to dynamically adjust the distribution of childcare facilities based on the proportion of infants and toddlers in newly built communities. Community health service centers should integrate family doctor contract services to enhance support for home-based elderly care [4].

4.2 Promoting Reforms in Related Institutions

The root causes of the current housing problem transcend a single domain, and only multi-dimensional institutional adjustments can break through the dual constraints of demographic changes and upgrading housing needs. Institutional reforms should focus on eliminating the regional fragmentation of public service provision. Education authorities should promote the establishment of a dynamic adjustment model for school enrollment based on the permanent resident population. The allocation mechanism for medical resources should prioritize addressing the shortage of community hospitals in large residential areas. Cross-regional medical insurance settlement services should cover all provincial-level administrative regions. Land management regulations need to enhance their responsiveness to population flows. National land use planning should establish flexible floor area ratio adjustment authority for urban-rural integration areas. Pilot areas for the entry of collectively-owned operational construction land into the market should set a minimum ratio for the construction of talent apartments. The approval list for the conversion of idle commercial and office buildings should include the renovation of affordable rental housing. Financial policy tools should focus on repairing the supply-demand transmission chain. Differentiated housing credit policies should extend the interest rate discount period for families with multiple children. Rules for cross-regional withdrawal of housing provident funds should be relaxed to include all employed individuals who have continuously contributed for six months. Commercial banks issuing specialized bonds for rental housing development should enjoy a priority approval channel. Local governments play a central role in the integration of real estate information. Housing and urban-rural development departments aggregate property registration data and connect it to tax systems to verify the ownership of multiple properties. Household registration management platforms share rental registration information to support the substantive implementation of “equal rights for renting and purchasing,” and the waiting list database for affordable housing is linked to credit systems to identify asset concealment.

4.3 Strengthening Synergy Between Housing Policies and Population Policies

In the face of challenges posed by rapid changes in demographic characteristics, deep coordination between housing policy design and demographic dynamics has become the key to breaking through the current bottleneck. The policy coordination framework should anchor housing supply indicators to census forecast data. Urban planning departments need to adjust the site selection logic for new residential areas based on models of permanent resident population changes. The scale of housing construction must be dynamically aligned with trends in regional birth rates to ensure that land development pace aligns with the future trajectory of household size growth. Data integration platforms serve as information-sharing hubs, with civil affairs departments regularly updating family structure databases and feeding them into housing and urban-rural development decision-making systems. Affordable housing layout strategies in areas with high population mobility immediately align with the occupational attributes of migrating populations, while household registration management systems automatically trigger adjustments to rental housing quotas. Implementing a coordinated mechanism to strengthen the resource allocation capabilities of grassroots organizations, local governments dynamically release public rental housing quotas based on birth support policies, school district adjustment plans integrate school-age population data in advance to determine the priority of housing supply, and community service agencies collect aging index data to automatically optimize the budget allocation for elderly-friendly housing renovation projects. This integrated approach will enhance the internal resilience and response efficiency of policies in the face of demographic changes [5].

4.4 Exploring New Residential Models for Intergenerational Mutual Aid and Community Integration

In the face of demographic shifts that have weakened the traditional family's role in elderly care and childcare, the reconstruction of new community relationships has emerged as an innovative breakthrough to alleviate intergenerational pressures. Specifically, community organizational models activate the latent value of informal support networks. For instance, neighborhood offices lead the formation of intergenerational living collaboration groups to encourage younger seniors to participate in community childcare services. Meanwhile, the approval of shared kitchen and community canteen facilities grants elderly households eligibility for dining subsidies, while a neighborhood mutual aid points system allows intergenerational assistance behaviors to be exchanged for property fee reductions. In this context, spatial design standards are redefining the physical infrastructure for intergenerational interaction. This is manifested in new residential projects being required to include all-age shared activity floors with accessible reading zones and child-friendly play areas, supplemented by movable care seats installed in unit stairwell rest platforms to address elderly resting needs. Additionally, outdoor walking systems connect children's playground facilities with elderly fitness equipment to form a circular interactive corridor. Furthermore, innovative sharing mechanisms unlock the time value of family resources. For example, the property registration system includes a "time bank" module to record the duration of family mutual aid services, while the community operation platform offers a booking function for idle family spaces to match after-school childcare needs. This ultimately materializes in a cross-generational co-rental agreement template that clarifies the equitable details of elderly housing resource exchanges for young people's household labor.

5. Conclusion

The complexity of China's housing issue lies in its deep embedding within the broader narrative of family formation and demographic transition. Addressing the suppression of marriage and childbearing by high costs, bridging the gap in affordable housing coverage, breaking down institutional barriers hindering mobility, and correcting structural contradictions caused by misallocation of resources are challenges that cannot be resolved through mere policy adjustments. The government's fundamental solution lies in redefining the supportive role of the housing system, establishing a flexible support framework that spans the entire life cycle, and promoting coordinated reforms across critical sectors such as household registration, land management, and social security. Society at large must explore innovative living models like intergenerational mutual aid and community integration to endow the housing system with the resilience to adapt to demographic shifts and nurture family development.

References

- [1] Sun, W., & Zhang, X. (2025). Spatio-Temporal Variation in Housing Wealth Inequality Among Urban Households in China. *China Real Estate Finance*, (2), 10–19.
- [2] Chen, J. (2025). Basic Principles and Key Points of the Relationship Between Market and Security in the Housing Supply System. *Social Sciences Frontline*, (4), 11–20.
- [3] Ministry of Human Resources and Social Security, National Development and Reform Commission, Ministry of Education, Ministry of Public Security, Ministry of Civil Affairs, Ministry of Justice, Ministry of Housing

and Urban-Rural Development, Ministry of Agriculture and Rural Affairs, People's Bank of China, & All-China Federation of Trade Unions. (2025). Opinion on Further Strengthening the Service and Protection of Migrant Workers Issued by the Ministry of Human Resources and Social Security, the National Development and Reform Commission, the Ministry of Education, the Ministry of Public Security, the Ministry of Civil Affairs, the Ministry of Justice, the Ministry of Housing and Urban-Rural Development, the Ministry of Agriculture and Rural Affairs, the People's Bank of China, and the All-China Federation of Trade Unions. *Gazette of the State Council of the People's Republic of China*, (4), 66–68.

- [4] Huang, K., & Yang, D. (2024). From Housing Construction to Community Development: A Re-examination of China's Urban Development Model. *Urban Architecture*, 21(24), 34–39.
- [5] Han, A., & Gao, H. (2024). The Evolution and Effectiveness Analysis of China's Affordable Housing Policy and Lessons from Singapore's HDB Mechanism: Reform Recommendations from a Policy Tool Perspective. *Shanghai Real Estate*, (12), 10–14.

Copyrights

Copyright for this article is retained by the author(s), with first publication rights granted to the journal.

This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (<http://creativecommons.org/licenses/by/4.0/>).