

Analysis on the Application of PPP Financing Mode in the Construction of Public Rental Housing

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Abstract: In order to ensure the housing needs of low-income people, my country has established a housing security system, among which public rental housing is an effective housing security plan. In the process of public rental housing construction, funding is the main issue. In order to promote the construction area, the PPP financing model can be applied to the construction of public rental housing. This article mainly analyzes the financing problems in the construction of public rental housing, and then explains the application of the PPP financing model in the construction of public rental housing, and finally puts forward suggestions for the PPP financing model in the construction of public rental housing to protect people's housing environment.

Keywords: PPP Financing Model; Public Rental Housing; Construction and Application

The PPP model is a mode of public sector-private sector cooperation. It is a relatively popular financing management model that can be applied to public utilities, infrastructure and other fields. With government support and private cooperation, the ability to obtain funds for public projects and reduce the use of funds is also the main feature of the PPP model. Due to the long return rate and cycle of public rental housing, current financing methods cannot be effectively invested in the construction of public rental housing. Therefore, the PPP financing model can be applied to the construction of public rental housing to ensure that the funds for public rental housing operate well.

1. Problems with financing in the construction of public rental housing

First, the government cannot provide the funds needed for the construction of public rental housing. The construction of public rental housing mainly relies on government financial support, but it is difficult for the government to support the large amount of funds required for the construction of public rental housing, which will bring huge economic pressure and debt risks to the local government. Therefore, in order to ensure the construction of public rental housing for the smooth progress of public rental housing, other sources of funding must be sought.

Second, the lack of financing channels. At this stage, the funds in the construction of public rental housing are mainly provided by the government and bank loans, with fewer financing channels and a single method. Even though the government has issued a series of policies to encourage the use of other funds in the construction of public rental housing, problems in the financing mechanism make it difficult to invest funds in actual project construction.

Finally, there is a lack of professional financing institutions. With the development of public rental housing, the amount of investment is increasing. Therefore, professional financing institutions are required to carry out corresponding operations.

However, in the financing mechanism of public rental housing construction, financing is mainly conducted through financing platforms or government agencies, which often lack certain The professionalism of these institutions, and these institutions are responsible for more affairs, such as investment, operation, management, etc., so that the financing efficiency cannot be effectively improved, which has brought serious obstacles to the construction of public rental housing.

2. Application of PPP financing model in the construction of public rental housing

2.1 The feasibility of PPP financing mode in the construction of public rental housing

First of all, absorbing private capital can solve the problem of capital shortage in the construction of public rental housing. Due to the shortage of funds in the construction of public rental housing and there is a lot of private capital in the society, the PPP financing model can provide reasonable financing and solve the problem of insufficient funds through private capital. Second, the use of diversified project risks can reduce government pressure and increase the success rate of construction. In the traditional model, the project assumes all risks. In the PPP financing model, the use of a risk-sharing mechanism allows the party with control to bear the relevant risks, thus reducing the cost of controlling risks. Finally, through the private economy and competition mechanism, construction quality and efficiency can be improved. Through the PPP financing model, private capital is involved, and the advantages of private enterprises are used to reduce costs and improve management efficiency.

2.2 Stages of PPP financing for public rental housing

According to the order of time, the PPP financing of public rental housing can be divided into four parts, constituting a complete project life cycle. First, the project preparation stage. The intermediary agency arranges the equity structure of the PPP companies based on the characteristics of the project, and provides suggestions for the government's investment results. After clarifying the content of equity shares and other content, determine the private capital company, and then form the PPP project company. Second, the project construction stage. Bidding for public rental housing projects includes determining the selection of construction units and material suppliers, as well as the participation of insurance companies. Third, the operation management stage. Carry out the operation and management of public rental housing in accordance with the franchise agreement. Fourth, the project handover stage. PPP project companies hand over public rental housing to the local government in accordance with relevant agreements.

2.3 The functions and characteristics of each institution under the PPP financing model

(1) Government departments. The government has played an important role in the construction of public rental housing. In the process of construction, the government not only undertakes the establishment of the project, bidding and financing of the project, but also supervises the construction and operation of the project, and finally transfers the project. In addition, for the supervision function, the government's supervision of public rental housing PPP projects requires not only external supervision, but also comprehensive operational supervision.

(2) Private capital company. It is the use of bidding to select suitable private capital companies and cooperate to complete PPP projects. The capital invested by private capital companies and their reputation can solve the problems of large capital and long recovery time in the project, but private capital companies also face policy risks and financing risks.

(3) PPP project company. He is mainly responsible for the construction and operation of public rental housing. He is the main implementer of the project and is familiar with the entire project operation process.

(4) Banks and financial institutions. It mainly provides necessary financial support and credit guarantees for the project, and at the same time undertakes the financing consultant of the project.

(5) Construction unit. Mainly responsible is for the design and construction of public rental housing, and need to sign a contract with the project company.

2.4 Government subsidies to private capital

The main purpose of private capital companies participating in public rental housing PPP projects is to obtain a corresponding return on investment, so the government needs to balance the relationship between the benefits of private capital and the public welfare of the project. Due to the low economic benefits of public rental housing, the government must provide

corresponding subsidies to private capital under the PPP financing model. Government subsidies are mainly divided into capital tax incentives, land use appropriation, and construction and development.

3. Suggestions on PPP financing mode in the construction of public rental housing

3.1 Adjust the role of the government and transform government functions

The government should change from the unilateral leading role in the construction of public rental housing to the role of supervisor and cooperator, take the initiative to assume the responsibility of supervision and regulation, and protect the legitimate rights and interests of people from being infringed, thereby providing a policy for the PPP financing model platform. In addition, the government must also change its own functions and innovate management methods, from being responsible for enterprises to being responsible for the public. The government can also establish an agency for the supervision of public rental housing PPP projects, and centralize the decentralized management power to a dedicated regulatory agency, thereby improving management efficiency.

3.2 Establish a sound legal and regulatory system

The operation of public rental housing PPP projects needs to be bound by laws and contracts. The contract is used to clarify the responsibilities of both parties. Laws and regulations are an important basis for handling contract disputes. Therefore, a complete legal system must be established to ensure the effectiveness of the PPP model. In addition, the responsibilities and obligations between the government and the private sector in PPP projects also need to be clearly stipulated in accordance with laws and regulations to protect the legitimate rights and interests of both parties.

3.3 Establish a dedicated PPP financing management agency

In the process of public rental housing construction, there are strict procedures and systems, and various problems may be encountered in the process of project operation. Therefore, this requires a special PPP financing management agency to communicate with investors. Communicate with each other to facilitate the smooth progress of the project. Professional PPP financing management institutions are more systematic and standardized, which can improve the quality of project development, not only can solve the problems of government management at all levels, but also help private capital to increase investment in public rental housing.

4. Conclusion

Through the analysis of the application of PPP financing model in the construction of public rental housing, we understand that the PPP financing model plays an important role in the construction of public rental housing. It can not only solve the problem of shortage of funds in the construction of public rental housing, but also reduces government pressure and increases the success rate of construction. Therefore, the government must adjust its own role, establish a sound system of laws and regulations, build a special PPP financing management agency, and apply the PPP financing model to the construction of public rental housing.

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