Discussion on the Improvement of Problems in the Work of the House Delivery

Yu Cheng¹, Qingyang Ma², Linqing Huang²

¹Housing and Urban Construction Committee of Chongqing, Chongqing, 401331, China
²Chongqing University of Science and Technology, Chongqing, 401331, China

Keywords: Ensure Delivery; Government Measures; Influencing Factors

Abstract: In order to effectively promote the progress of the "ensure delivery" work, establish government credibility, strengthen corporate execution, and enhance public satisfaction, this article, taking into account the current real estate development model in China, government response measures, and on-site feedback from property owners, uses the actual progress of the "ensure delivery" project in a certain district of Chongqing as a case study. The research focuses on the influencing factors from the perspectives of the government, enterprises, and property owners in the "ensure delivery" work. By identifying the negative factors affecting the current progress, combined with practical needs, the article proposes corresponding suggestions for addressing the relevant issues exposed in the "ensure delivery" project, aiming to provide a reference for the later-stage government work in the "ensure delivery" project and the development of real estate enterprises.

1. Introduction

Some real estate enterprises have long relied on a development model of high debt, high leverage, and high turnover. In the face of the impact of the COVID-19 pandemic and increasing market pressures, the difficulty in collecting sales proceeds and the obstruction of new financing have led to financial problems in some sold residential projects. This has resulted in construction halts or delayed deliveries due to difficulties in fund turnover, damaging the legitimate rights and interests of homebuyers and affecting the stability of the entire real estate market. Against this backdrop, on July 28, 2022, the country first proposed the task of ensuring the delivery of projects. With the premise of stabilizing people's livelihoods, the central bank allocated 200 billion yuan to promote the resumption of work for most problematic projects, striving to allow homebuyers to take possession as soon as possible and ensuring the housing needs of the people, thereby stabilizing the entire construction market. However, as the "ensure delivery" work continues, a large number of problems have emerged, hindering the ongoing progress of the work. Therefore, this article aims to provide a certain reference for the subsequent progress of the work and the development of real estate enterprises by discussing and researching the tripartite issues of the government, enterprises, and property owners regarding the "ensure delivery" project.[1-5]
2. Mechanism of Ensure Delivery Work

Coordinate and regulate the funding platform. After being identified as an "ensure delivery" project, the funding for problematic projects mainly comes from two sources: asset disposal and government special loans. The government and platform companies assist enterprises in coordinating with banks to complete asset-backed loans, thereby obtaining funds for the continued construction of the project. This is the model of asset disposal. However, some projects still face funding gaps even after asset disposal, making it impossible to complete the project construction task. Therefore, government special loans are introduced to advance project construction. After completing the phased engineering, funds are recouped through the sale of properties such as residential units and parking spaces, repaying government loans, and completing subsequent construction work.[6-7]

The national-level operation of the "ensure delivery" work is mainly coordinated by the Ministry of Housing and Urban-Rural Development. Provincial and municipal construction authorities establish leading groups for the "ensure delivery" work to facilitate its progress. Taking Chongqing as an example, each district's housing and construction committees first conduct a rolling survey of all problematic projects in the district to determine the project's funding gap and data on self-owned assets. Based on the actual situation of each project, the district's "ensure delivery" work targets are determined. Each district's responsible leaders then lead a team, consisting of leading officials from the housing and construction committee and relevant departments, to form the "ensure delivery" workgroup. The "ensure delivery" projects in each region are monitored directly by the platform companies affiliated with each district, overseeing the construction progress and fund utilization.

The operational mechanism of the "ensure delivery" work has matured over time since the proposal of the "ensure delivery" goals. Some projects have successfully been delivered. However, challenges still persist in the progress of the work, and certain issues need to be addressed.

3. Analysis of Negative Factors in Ensure Delivery Work

The task of ensuring delivery work has emerged in response to the current macro-environment of the real estate market. Therefore, many aspects of the work are characterized by experimentation and simultaneous implementation. Consequently, various challenges are anticipated during the progress of ensuring delivery work. In order to facilitate the smooth implementation of ensure delivery work, this article primarily focuses on the three main entities involved in the process: government, enterprises, and property owners. It seeks to identify and research the existing negative factors in the current work.

3.1. Enterprise Influencing Factors in Ensure Delivery Work

Enterprises, as the actual executors of ensure delivery work, have a direct impact on the progress of projects. Thus, the stability of project management by enterprises is crucial. However, due to financial constraints, several issues arise in practical management, including:

3.1.1. Project Management Factors

Limited personnel due to financial constraints: The scarcity of funds leads to a limited number of project management and staff members. Frequent turnover of personnel results in a lack of continuity in project management, with many data not properly handled during handovers, causing subsequent data chaos. In this situation, the difficulty of project management significantly increases. Delayed salary payments to project staff also contribute to a phenomenon of negative work attitudes, posing challenges to the overall project progress.
3.1.2. Lack of Transparency in Information

Opaque information and communication gaps: During the implementation of ensure delivery work, a lack of transparency in information persists between development enterprises and property owners, who are direct stakeholders. Property owners, as homebuyers, seek information on the progress of their purchased homes, while some enterprises, driven by self-interest, are reluctant to disclose project development details. They believe that such disclosures may adversely affect the brand image of the enterprise and impact the later-stage sales of the project. Consequently, significant time and effort are required from the government to mediate between the two parties during the progress of certain ensure delivery projects.

3.1.3. Fund Breakage Factors

Poor operation leading to fund chain breakage: In the actual implementation of ensure delivery work, some projects, due to their large scale and the excessive assets already mortgaged to banks, cannot independently secure additional financing. Government intervention and guarantees become necessary for subsequent financing loans. Due to the significant fluctuations in the current real estate market and the overall suboptimal sales of commercial properties, fund retrieval poses substantial challenges. Therefore, specific strategies need to be formulated by the government to address funding issues in ensure delivery work, depending on the specific circumstances.

3.2. Property Owner Influencing Factors in Ensure Delivery Work

Property owners play a role in safeguarding rights in ensure delivery work. Ensuring customer satisfaction and addressing related issues raised by property owners are key considerations in the progress of ensure delivery work. In the analysis of the ensure delivery work progress in a certain district in Chongqing, the following negative factors related to property owners have been identified:

3.2.1. Delivery Satisfaction Factors

Heavy construction tasks leading to low satisfaction with possession: The nationwide real estate crisis involving a large scale has resulted in limited allocations of special loans approved by the government to various projects. While this ensures the normal operation of projects, the limited funds, coupled with tight project timelines, make it challenging to meet the property owners’ expectations for housing quality. Consequently, property owners refuse to take possession, and the housing issue remains unresolved. As indicated in Table 1, the current average possession rate is only 29.2% for the five recently completed projects in a certain district in Chongqing. Most property owners who have taken possession did so out of immediate life needs and are dissatisfied with the quality of the housing.

Table 1: Statistical table of the recent housing reception in a district of Chongqing

<table>
<thead>
<tr>
<th>Project</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>Average number of rooms</th>
<th>Average housing rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of units to be paid</td>
<td>175</td>
<td>144</td>
<td>440</td>
<td>60</td>
<td>122</td>
<td>188.2</td>
<td>100%</td>
</tr>
<tr>
<td>The actual number of rooms</td>
<td>78</td>
<td>17</td>
<td>144</td>
<td>7</td>
<td>29</td>
<td>55</td>
<td>29.2%</td>
</tr>
</tbody>
</table>

Upon taking possession, the government has received numerous complaints related to housing quality. Through on-site surveys and subsequent contact with developers, the compiled complaint data, as shown in Table 2, indicates a high dissatisfaction rate of 69.7% among property owners with
housing quality, with only 7.4% completely satisfied. These data reflect the need for enhanced supervision of housing quality in ensure delivery work.

<table>
<thead>
<tr>
<th>Feedback</th>
<th>Housing quality problems</th>
<th>Supporting facilities</th>
<th>Property issues</th>
<th>No problem with satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion</td>
<td>69.7%</td>
<td>43.4%</td>
<td>53.1%</td>
<td>7.4%</td>
</tr>
</tbody>
</table>

Note: (The questionnaire statistics a single object can feedback multiple problems, so the total data is not 100%)

3.2.2. Insufficient Supporting Facilities Factors

Incomplete supporting facilities: Developers typically plan for the construction of supporting facilities around residential properties to enhance the value of the development. However, in ensure delivery work, there is insufficient funding to support the construction of these planned supporting facilities. As a result, the promised supporting facilities are lacking, leading to high dissatisfaction among property owners. For example, in the case of schools, many property owners chose to purchase homes based on the promised construction of nearby schools to address their children's education needs. The inability to fulfill this promise leads to strong dissatisfaction among property owners. Issues arising from supporting facilities require collaboration between multiple departments for resolution. In the current example in Chongqing, the housing and construction committee collaborates with the education committee and negotiates with surrounding schools to address property owners' concerns regarding their children's enrollment.

3.3. Summary of Negative Influencing Factors in Ensure Delivery Work

This section analyzes negative factors in ensure delivery work from the perspectives of government, enterprises, and property owners. Some factors exist independently, while others simultaneously impact all three entities, such as communication issues. These influencing factors hinder the smooth progress of ensure delivery work, emphasizing the need for scientific and reasonable countermeasures to address each factor effectively.

4. Recommendations on Negative Factors in Ensure Delivery Work

4.1. Strengthen Tripartite Communication

Communication issues among the three parties are a common negative factor in ensure delivery work, with particularly severe communication problems between enterprises and property owners. Due to the fallout from the real estate crisis, a rift has emerged between the two parties, necessitating the government to play a mediating role. Strengthening communication among the three parties is crucial for the government to stay informed about dynamic situations, enterprises to complete construction as needed, and property owners to safeguard their rights.

4.2. Appoint Dedicated Personnel

As ensure delivery work has been underway for a relatively short period, some issues are still in the exploratory stage. Emerging issues extend beyond the original delivery goals, including municipal transportation problems, children's enrollment issues, and housing quality problems. Some of these
issues also exceed the authority of the housing and construction committee. Therefore, based on the continuously emerging issues, experience can be summarized, and dedicated personnel can be appointed in relevant departments to assist in the subsequent work. This approach aims to avoid wasting excessive time on coordination and procedures, thereby improving work efficiency.

4.3. Balance Delivery Goals

The current primary goal of ensure delivery work is to deliver as soon as possible, intending to assist homebuyers in taking possession promptly and resolving housing issues. However, there has been a slight neglect of housing construction quality. Based on actual survey results and data, the possession rate is not ideal due to housing quality issues. Therefore, the government may need to balance the time and weight of housing quality according to the actual situation. Relaxing the delivery time to some extent, based on property owner opinions, can ensure the construction quality of the houses.

4.4. Government Acquisition Planning

To address project funding gaps, the government may acquire enterprise assets to provide project funding. However, long-term unidirectional investment can create financial pressure on the government. Therefore, rational utilization of acquired assets is essential, and corresponding measures need to be formulated based on the specific asset situations.

4.4.1. Undeveloped Land

In the current situation, even with the assistance of national special loans, some developers find it challenging to complete the overall delivery work. Consequently, developers express a desire to sell undeveloped land for a quick transfer to reduce losses. The government shows a positive attitude towards this, as it aligns with project planning needs and the strategic location of the land held by developers. Considering that developers are eager to limit losses, negotiations on pricing are relatively straightforward. Therefore, in suitable conditions, government acquisition of undeveloped land from developers, followed by re-planning, can alleviate some pressure in ensure delivery work, achieving a win-win situation for both the government and enterprises.

4.4.2. Completed Assets

Compared to the recovery of undeveloped land, the purchase of completed assets is more focused on injecting funds into the project to complete subsequent construction tasks. Given the current overall environment, it is challenging to dispose of such assets. To ensure the normal operation of ensure delivery work and the financial health of the government, the government should seek effective utilization of these assets. For example, purchasing parking space assets and leasing them externally can alleviate local road parking congestion issues while generating additional revenue, minimizing financial losses for the government [8].

5. Conclusion

The introduction of ensure delivery work reflects the turbulence in the real estate market, requiring collaboration and efforts from both the government and enterprises to address the existing problems. This paper, compared to other scholars' studies on ensure delivery work, has added an analysis from the perspective of property owners. Property owners, as crucial stakeholders in ensure delivery work, have a significant impact on the progress of the work, and their attitudes need to be given due attention.
in subsequent efforts. In conclusion, the analysis of negative influencing factors and the proposed recommendations for ensure delivery work aim to provide valuable insights for the smooth continuation of the work.

References