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Home buyers get gov't support in Delta cities

New housing policies by governments in Shanghai and Hangzhou, two major cities in the Yangtze River Delta, will boost the sluggish market and make homes more affordable by giving breaks to home buyers and developers.

The Shanghai Housing Provident Fund Management Center issued a notice on Tuesday to raise the threshold of public housing fund lending to 600,000 yuan (\$87,732) from October 15.

The supplementary lending quota for households with two or more borrowers was lifted to 200,000 yuan from the previous 100,000 yuan, if they are purchasing houses for themselves for the first time, said the notice.

Couples with access to both basic and supplementary public housing funds are each entitled to borrow up to 200,000 yuan from the basic fund and 100,000 yuan from the supplementary fund.

Also on Tuesday, the city government of Hangzhou, the capital of Zhejiang province, revealed new policies to boost the healthy development of the housing market, such as granting permanent resident permits and subsidizing tax payments for individual housing purchasers, as well as expanding the developing period for realty developers.

Now, people who purchase houses in designated areas with or above a certain amount of money will be granted Hangzhou permanent resident permits for the household (couples and their child). "Migrants account for no small part of the population in Hangzhou and the policy will certainly be attractive to them," said Zhao Hangsheng, director at the Zhejiang University Real Estate Investment Research Institution.

Meanwhile, to offset deed tax and stamp tax payments on individual's purchase on both new and second-hand housing, the government promised to offer subsidies to cover the local proportion part of the taxes. Zhao said it was an active way to promote housing circulation and stimulate purchasing.

In addition, Hangzhou realty developers will enjoy looser policies. Their corporate income tax will be prelevied on the floor level and the government will moderately adjust the payment term of land purchases and expand the starting and completing periods of construction projects.

Adjusting the payment terms for land purchases will greatly alleviate the strained capital chain of real estate development enterprises, said a developer. "Expanding the starting and completing periods win time for developers to deal with the changing market," he said.

Housing sales in the main city zone of Hangzhou totaled more than 17,000 units during the January-September period, down 46 percent from the previous year, according to Shanghai Securities News. Encountered with the global financial fluctuations, "further supportive policies by the central government are expected to save the falling housing market, rather than only local policies," said Zhao.

Starting with supportive policies issued in July by the government of Changsha, the capital of Hunan province, some 18 cities have put in place different methods to boost the sluggish housing market, such as Guangzhou, Chongqing, Nanjing and the above mentioned Shanghai and Hangzhou.

Sina.com said in a report that a rumor has been circulated that the central government, plans to change the strict controls on the real estate market to more moderate controls, by measures such as cancelling restrictions over purchasing the second unit, lowering property tax, extending the repayment period for personal housing loans, and others.

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