

Government and Policy

China tightens rules on property market

(Xinhua)

Updated: 2010-01-11 10:12



A customer checking out a model of a real estate project in Shenzhen, Guangdong province. [China Daily]

BEIJING: The General Office of the State Council, China's cabinet, Sunday issued a notice that required central governmental departments and local governments to strengthen management, stabilize market expectations and facilitate stable and sound development of the real estate market.

"With the recovery of the real estate market, such problems as excessively rising house prices have recently emerged in some cities, which call for great attention," said the notice.

It listed 11 specific measures which should be taken in five aspects -- increasing supply of low-cost houses for low-income families and common residential houses, encouraging reasonable house buying while restraining purchases for speculation and investment, strengthening real estate project loan risk management and market supervision, speeding up construction of housing projects for low-income households, and specifying responsibilities of local governments.

□

Related readings:

- ◆ [Real estate trade volume hits 6 trillion yuan](#)
- ◆ [Rush to buy real estate despite high prices](#)
- ◆ [Top 10 real estate debacles 2009](#)
- ◆ [Govt fights to reel in real estate prices](#)
- ◆ [China urges healthy development of real estate sector](#)

On increasing supply of low-cost houses for low-income families and increasing supply of common residential houses, the notice said efforts should be made to construct more smaller-sized low- and medium-pricing apartments while increasing land supply for residential housing projects.

According to the notice, governments at all levels should act to push property developers to quicken project development and sales of finished projects.

The notice also said cities nationwide, especially those with high house prices and excessively rising house prices, should step up efforts to build more affordable or

low-rent housing projects for low and medium income families

low-rent housing projects for low and medium income families.

To increase land supply for residential housing projects, the notice required city governments nationwide to lay out as soon as possible the residential housing construction plan for 2010-2012, which should be specific on each year's construction scale of smaller-sized low- and medium-pricing houses, low-rent houses and affordable houses for low and medium income families.

On encouraging reasonable house buying while restraining purchases for speculation and investment, the notice said financial institutions should continue encouraging first-time ordinary home buying while strictly carrying out mortgage loan policies on second-time home purchasing.

It said the down payment requirement for those families applying to buy a second or more houses backed with loans should be no less than 40 percent, and the mortgage rates should be strictly settled on the basis of loan risks.

On strengthening property project loan risk management and market supervision, the notice said financial institutions should not grant loans to any developers failing to meet the minimum amount of capital needed to jumpstart a new commercial property.

It also asked the People's Bank of China and the China Banking Regulatory Commission to enhance supervision on property credit among commercial financial institutions.

Efforts should also be made to strengthen monitoring of capital flow and trans-boundary investment and financing activities so as to prevent credit from entering the real estate sector illegally and stop overseas speculative funds from jeopardizing China's property market, it said.

The notice also asked the Ministry of Housing and Urban-Rural Development and other departments to take more measures to crack down on property developers that hoarded land or houses for more profits, and on real estate brokerage which conducted price deception or spread rumors to jack up house prices.

The taxation authority should thoroughly investigate tax fraud cases by property developers and severely punish those violators, while the State-owned Assets Supervision and Administration Commission should further regulate investment activities by major state-owned enterprises in the property market, according to the notice.