

## Government and Policy

# Strict measures to curb land hoarding

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## Ministry proposes strict measures to cool off overheated housing market

BEIJING: The Ministry of Land and Resources has unveiled strict measures to crack down on land hoarding in a bid to rein in soaring real estate prices.

Developers must make a 50 percent down payment on all land put up for auction within one month of signing a contract or face the prospect of losing the land along with their deposit, according to a directive issued by the ministry on Thursday.

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The directive also stipulates that all bidders must deposit 20 percent of the suggested land price before they are allowed to place a bid at auction and that all payments on the winning bid must be completed within a year.

Otherwise, the land will be reclaimed and the deposits will not be returned to the developers who fail to hand in their installments on time or sign contracts within 10 days after winning bids, according to the directive.

The move comes after the National Bureau of Statistics announced on Wednesday that in February the country recorded the fastest growth in house prices for two years.

Prices in 70 major cities rose 10.7 percent year on year in February, amid growing public concern over the sizzling property market.

The measures to combat land hoarding are part of a larger strategy designed to ensure there is sufficient land for low-income housing, said Liao Yonglin, director of the ministry's Department of Land Use and Administration.

"We will strive to guarantee that land used for low-income housing, for rebuilding shanty areas and for self-occupied small- or medium-sized houses accounts for more than 70 percent of the overall supply," he said.

Some experts believe that the limited supply of land for low-income housing is helping to drive up house prices in China.

Although the supply of land to the real estate industry increased 36.7 percent to exceed 100,000 hectares in 2009, the percentage of land that is available for affordable, small- and medium-sized houses actually shrank in some regions, Liao said.

According to figures from the ministry, 10,000 hectares of land that had already been sold remained undeveloped last year - an example of land being hoarded for the future, which is affecting the supply of houses and driving up their prices.

Yan Jinming, a professor of land management at Renmin University, told China Daily that, by curbing land hoarding, the new measures will, hopefully, help the housing market operate more fairly, though he expressed his doubts that the new rules would be adhered to throughout the industry, as some developers would still find ways to bypass the system.

However, he acknowledged the new rules would play an active role in curbing land hoarding, which will help to keep the housing market from heating up further and ensure there is a sufficient supply of land for low-income housing.