

Beijing issues new rules to limit house purchase

(Xinhua)

Updated: 2011-02-16 21:30

BEIJING - Beijing Municipal Government Wednesday issued new rules limiting the number of homes each family can buy as the government steps up efforts to cool the property market.

Non-Beijing registered families who have no residence permit or documents certifying that members of the family have been paying social security or income tax for five straight years are also banned from buying apartments.

Beijing families who own just one apartment can only buy one more apartment, according to the new rules.

The rules, issued shortly after the Chinese Lunar New Year holiday, seem to reinforce regulations that limited each Beijing family to buying only one extra apartment from April last year.

The Chinese government has been stepping up measures to rein in soaring housing prices that have become a major source of public complaints in the country's biggest cities.

But property prices have remained stubbornly high. Home prices in 70 major Chinese cities rose 0.3 percent month on month in December last year, and 6.4 percent year on year, after a group of measures failed to put a brake on the surging prices, government statistics showed.

The central government last month raised the minimum down-payment for second home purchases from 50 percent to 60 percent of the property's value and approved the launch of property taxes in Shanghai and Chongqing.

Beijing's new rules allow banks to further raise the down-payment requirements for apartment buyers and raise interest rates on mortgages.

The central bank has increased interest rates three times since October, and hiked the banks' reserve requirement ratio seven times since the start of last year.

The new rules also allow the municipal government to allocate more land for government-subsidized affordable housing and small commercial apartments. Affordable homes will account for half the total land designated for new apartments in the city.

The government will provide at least 100,000 affordable apartments and give housing subsidies to 20,000 low-income families this year. Low

and medium-income families can start applying for about 10,000 low-rent apartments at the end of the year.

The new rules adopted economic, administrative, tax and legal methods to restrain housing prices, which showed the determination of the municipal government, said Chen Zhi, deputy secretary-general of Beijing Real Estate Association.

Soaring prices are a major concern for urban Chinese who are increasingly finding homes unaffordable. Prices in some major cities, such as Beijing, have more than doubled over the past two years due to easy credit and low lending rates.

One square meter in a new apartment in Beijing on average cost 20,000 yuan last year. But the square meter price for apartments within the Third Ring Road, the central urban area, exceeded 30,000 yuan, more than 10 times the monthly income of an average Beijing resident.

Experts considered the new rules a more stringent "upgraded version" of the national housing monitoring regulations.

"The supply is largely short of demand in Beijing. The new limits on home purchases, especially for non-Beijing residents, are the strictest in China," said Gu Yunchang, vice president of China Real Estate Association.

The rules would definitely limit investment purchases, but would not immediately affect housing prices, said Wang Xiaoguang, chief director of the Macroeconomic Division of the Institute of Economic Research, under the National Development and Reform Commission.

Beijing, which announced regulations to allow each family to buy only one extra home in April 2010, is among almost 30 cities across China that have announced home purchase limits.

"Beijing's rules can be a reference for other cities in China. Other local governments will launch new rules," said Lou Liping, director of the housing policy and market regulation committee of the Chinese Society for Urban Studies.

Investment in housing focused on second and third-tier cities after Beijing's home purchase limit rules in 2010, but the new limits could soon spread to other cities across China, said Lin Lei, marketing director of Century 21 China Real Estate.