

# A Study on the Effect of Real Estate Regulation and Control Policy in Mainland China: A Comparison with Taiwan

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**Abstract:** Housing system reform is always an important part of China's economic system reform, which refers to the reform of the traditional welfare housing division system. The purpose is to establish a new housing system in line with the market economy mechanism, thus realizing the commercialization and socialization of housing. In the long history of China's reform and opening up, the housing system reform, like other reforms, has moved forward step by step in exploration, slowly unfolded in adjustment and adaptation, and has been explored for ten years from 1978 to 1988. From 1988 to 1998, the system was gradually pushed forward and further deepened throughout the country. Since 1998, housing distribution has been implemented monetization, the establishment of housing security system. The reform of housing system, as well as a series of important policies closely related to the issue and implementation of the focus, has far beyond the economic scope of the far-reaching impact and significance.

**Keywords:** Real estate; Housing system reform; Control

## 1. Introduction

The main purpose of this paper is to analyze the similarities and differences of the emerging MPP in mainland China and Taiwan. The emerging MPP mainly refers to the policy of limiting loan and purchasing. The complex interaction between the real estate industry and the national economy and the particularity of the real estate industry make the management and regulation of the real estate industry more complicated. In the face of rising house prices, the state has repeatedly issued a series of property market control policies, such as the implementation of the second-hand housing transaction system in 2005, the implementation of the "New National Ten articles" in 2010, the implementation of the "New State eight articles" in 2011 and the "National five articles" implemented in 2013, etc. . Although these policies have played a role in curbing the excessive growth of real estate prices, but in the long run, real estate prices remain high and still maintain an upward trend. Every time we have a new deal, we wait for property prices to cool down with high expectations, but why a brief, steady rebound after a wave of policies. We hope that through the study of the implementation policy of the government to curb high house prices, we can analyze a series of policies that the government has implemented to find out some of the problems that exist at present. Try to find a policy that is really in line with China's national condi-

tions to curb high housing prices, and in the corresponding The game relationship between the local government and the central government has been improved. At the same time, by comparing with Taiwan's real estate regulation and control policies, this paper discusses the differences of policies in different economic backgrounds of the two sides of the strait to learn and supplement, hoping that the real estate industry can further develop healthily.

## 2. Research and Innovation

This study is based on the author's status as a student in Taiwan. For example, unlike Taiwan, the mainland adopts socialist land ownership in the land system, separating land ownership from the right to use land. Land is only owned by the whole people and collectives, and people are not allowed to own it. Therefore, land use rights in the mainland can be bought and sold. But ownership cannot be bought and sold, so it is expected to face relatively few obstacles to the implementation of the housing policy. In contrast, since 2010, Taiwan has been offering "Central Bank Regional Real Estate Credit Control", "Special sales tax (commonly known as luxury tax)," Real Price prices go up " Since 2010, the mainland has made 11 articles in China, 10 in Xinguo, 5 in Shanghai, 12 in Shanghai, 8 in Xinguo and 5 in 2017. There are also some cities in mainland China offering to raise deed tax or housing tax measures, but not a comprehensive

policy, each city has a different approach; Among them, the "purchase restriction order", which was offered in January 2011, stipulates that only one house can be purchased by a family in a second-tier city, and the mortgage ratio is reduced to less than 50 percent. Since the purchase restriction order was issued, it seems to be more effective. The mainland housing market has reversed obviously. Local housing prices have been loosened, most of China's first-class urban housing prices have been loosened. The increase has slowed.

### 3. Sources of Information

Part of the policy in mainland China, the policy comes from the collation of information on various websites, mainly from the public classification of government affairs on the websites of city governments, and also from the websites of the Housing Administration of various localities, which mainly implement the state and the provinces. City on the real estate policy, policy and laws and regulations. And information-related websites, including the world, Xinhua and other aspects of the collation of the world.

Part of Taiwan's policy comes from documents and policy announcements issued by the Taiwan Central Bank.

### 4. Review of MPP Policies in Mainland China

A: on September 27, 2007, the people's Bank of China and the China Banking Regulatory Commission jointly issued the notice on strengthening the Administration of Commercial Real Estate Credit. The proportion of down payment on loans shall not be less than 30% in units of households, the down payment of housing loans for the second unit shall not be less than 40 knuckles, and the interest rate shall not be less than 1.1 times the basic rate of interest

B: on October 22, 2008, the State Council released five major categories of fourteen policies aimed at "rescuing the market" of real estate. The people's Bank of China lowered the down payment ratio of individual residential housing loans to 20%, and also lowered the interest rate on housing accumulation fund loans. And the lower limit of the interest rate on individual home loans was expanded to 0.7 times the base level interest rate.

C: 2010: in January, there were 11 items in the country. It was made clear that the down payment for the second home loan should not be less than 40%.

D: ten new countries in April. The down payment on the second home loan shall not be less than 50 and the interest rate shall not be less than 1.1 times the basic interest rate.

E2011: on January 26, the State Council issued eight new regulations for families with second homes, with a down payment ratio of no less than 60, and a loan interest rate of not less than 1.1 times the basic interest rate. To al-

ready have a housing purchase limit of 1, with 2 or more housing temporary ban.

F: on 2014-9-30, the purchase restriction was cancelled, the lending limit was relaxed, and the notice of the Central Bank Banking Regulatory Commission on further doing a good job in housing financial services was issued. For families who purchase the first ordinary self-housing unit with loans, the minimum down payment ratio for loans is 30%. The lower limit of the loan interest rate is 0.7 times the basic lending rate. For the families that have one house and have settled the corresponding purchase loan, they apply for the loan to purchase the commodity housing again, and the banking financial institutions implement the first home loan policy.

G: on Sept. 30, 2016, the Beijing Municipal Government issued several measures to promote the smooth and healthy development of the city's real estate market, including raising the down payment for second homes to 50 percent, which has become a national example of regulation and control.

### 5. Review of Taiwan's Previous MPP Policies

2010 / 6: central Bank LTV (70% of the second home loan in a specific area + no grace period) implements the housing purchase loan standard for a specific area: for the second or more home purchase loan for the borrower in a specific region (Taipei City and 10 administrative districts of Xinbei City), The maximum loan ratio shall be 7% and there shall be no grace period.

2010 / 12: central Bank LTV (60% of mortgage loans, 6.5% of land finance) 1. For the first time, the scope of specific areas for home purchase loans (three new administrative districts of Xinbei City) and the target of regulation (including corporate entities) and the highest ratio of home purchase loans were reduced to 60%.

Implementation of land mortgage loan standards: land loans for residential and commercial districts designated by the national urban plan require borrowers to inspect and attach specific construction plans for mortgaged land, with a maximum loan ratio of 6.5%. Ten percent of them should be loaned until construction starts.

2012 / 6: central Bank LTV (60% of high-priced residential loans) implements the norms for purchasing high-priced residential loans: for borrowers to buy 80 million yuan in Taipei and New Beijing, and more than 50 million yuan for housing loans in other areas, The maximum loan ratio shall be 60% and there shall be no grace period.

2014 / 6: central Bank LTV (50% of home loans above the 3rd household) revised the business norms for the purchase of residential loans: 1. For the second time, expand the scope of a specific region. The maximum loan ratio for a natural person to apply for a house loan in the second particular area is 60%. Natural persons buying house loans above the third household in the country are

included in the regulation, limiting the maximum loan ratio to 50.3%, and adjusting the standard for determining high price housing according to different regions (Taipei City, Xinbei City and other regions) (70.66% respectively).) and the maximum loan ratio from 60% to 50%. Adjust and reduce the maximum loan ratio of a company's legal person to purchase a residential property loan, regardless of the country All districts are 50%.

2015 / 9: the central bank downgraded and narrowed down and adjusted the scope of specific areas and amended the Central Bank's rules on the purchase of Residential and Land Mortgage loans for Financial institutions (the LTV of the following three items increased from 50% to 60%):

Increase the number of natural persons above the third home loan maximum.

Increase natural person high price residential loan maximum loan ratio.

Increase the maximum loan ratio of legal person to purchase residential loan (only the maximum loan ratio of the second home purchase loan for natural person is maintained at 60%).

The city of Xinbei, the administrative district under control, was reduced from 17 to 15 (deleted from Bali District and Yingge District) and all 4 administrative districts of Taoyuan City were deleted (all administrative districts of Taipei City alone have not been changed).

2016 / 7 (relaxation): with the exception of a ceiling of 60 per cent for high-priced residential loans, the rest of the housing loan measures have been lifted.

## 6. Conclusions

From the above policies, we can see that although the economic situation on the two sides of the strait is quite different and the economic problems are very different, the "house beating policy" has been an unimportant policy measure for the government departments on both sides of the strait for more than a year. However, because of the difference in the reasons for the sharp rise in house

prices on both sides of the strait, and because the economic structure of the two sides of the strait is also different from that of the real estate market, the policies adopted by the governments on both sides of the strait are also different. Some of Taiwan's measures are basically to limit demand, hoping to reduce hype in a way that reduces demand in order to keep house prices stable. The mainland market is much larger than that of Taiwan, so it is necessary to curb house prices. The policy will certainly be much more than Taiwan's, and must be stronger.

Finally, although mainland China has adopted very strict measures to curb house prices, because of the rapid economic growth in the mainland, the income of the people has also grown rapidly, and the high savings rate of the people has been in the past for a long time. So people's purchasing power is not low, so people's demand for real estate will continue to exist in the future, so it will be very difficult for the government to curb house prices in the long run. In addition to some of the current housing policies, other important and relevant overall policies are still very important, including money supply policy and exchange rate policy and so on.

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