

УНИВЕРЗИТЕТ
У НОВОМ САДУ



UNIVERSITY
OF NOVI SAD

Centre for Strategic and
Advanced Studies

Global Issues

PLPR



INTERNATIONAL ACADEMIC ASSOCIATION
ON PLANNING, LAW, AND PROPERTY RIGHTS
ANNUAL PLPR CONFERENCE 2018 IN NOVI SAD

MIGRATIONS – IMPACTS, LAW, AND SPATIAL PLANNING
Rectorate of the University of Novi Sad, 2018, February 19th – 23rd

**MARKETIZATION REFORM OF CHINA'S LAND ALLOCATION: TRANSFERABLE
DEVELOPMENT RIGHTS MARKET IN CHONGQING**

Lu Zhou, The University of Hong Kong, Hong Kong S.A.R., China

Email: zhoulu_766@msn.com

Contribution type: PhD Workshop

In order to conserve arable land in the rural, to increase the density of urban and to supply land in a sustainable pace, land development quota was set up by central government. However, these quota is distributed disproportionately both across regions and within a city. Not enough land development quota in fast developing cities led to unaffordable housing prices. While oversupply of land in inland cities created widespread “ghost” communities. Within a city, local governments have incentives to create residential land scarcity and to synchronize any land sales with periods of peak housing demand, but to oversupply industrial land to attract businesses for GDP growth.

Transferable Development Rights (TDR) is designed to allow urban expansion while conserve arable land in many countries. Theoretically, it can also alleviate three problems in China: the failure of planning land development at the national level; the mismatch between county governments' land supply and private sectors' need; and temporary rural to urban migration due to missing rural land market. TDR are only experimented in few Chinese cities. Chongqing is the first and biggest TDR market in China. Its outcome would influence China's reform of its land management system.

This paper illustrates our three preliminary findings of TDR in Chongqing. First, we compare the functioning, rational and property rights origins of TDR between China and the US. Then we illustrate the spatial patterns and determinants of supply. This section also explains how TDR supported rural to urban migration. In third part, we use hedonic model and Probit regression to test the impact of price control on the demand of TDR.

Section 1

A comparative study of land management system and the role of TDR in the US and China

TDR market is designed to allow US municipal governments to contain urban sprawl. On the contrary, it is used by Chinese local governments to increase urban land supply. I start with describing the market design and evaluating the performances. Then I explain why the same land instrument is used to achieve opposite planning goals. The reasons cover legal, political and fiscal aspects. Finally, I trace the role of property rights plays in developing these incentives.

Section 2

The pattern, determinates and impact of TDR supply

This section starts with exploratory data analysis. Various tools are used to geo-visualize the supply patterns. Then I will identify and quantitatively test the determinates of such patterns.

Up to the end of 2016, there are more than 4000 TDR project in over 2000 villages in Chongqing. I will explore their cluster patterns from points, villages, towns, and counties level. Testing of pattern determinants can only be done in the county level due to data availability. But I am also exploring whether I can find a way to do analysis in the village level.

Section 3

The price control and TDR demand

By the end of 2016, there are total 578 transactions. Around 81% of buyers were government agencies. Specifically, 33% of buyers were State Owned Enterprises (SOE) and industry parks. 46% of buyers were governmental Land Banks. Only 21% of buyers were individuals and private developers.

Government set minimum protection prices from around RMB 80,000 per mu in 2008 to 178,000 in 2017. The transaction prices have different characters in two periods. From 2008 to early 2014, when there was national monetary stimulation, the real transaction prices fluctuated and higher than minimum protection prices. However, from April 2014 until 2016, when the economy slowed down, transaction wear executed at the minimum protection price.

This section uses hedonic price model to test the prices difference between private and public buyers, and investigates the institutional factors explaining the difference. Then a Probit regression is used to find out which type of buyer is more likely to dominate the market due to price control.

Keywords: Land Market, Transferable Development Rights, Property Rights, Spatial Data Analysis, Hedonic Price Model