

Analysis of Shanghai's "Shanghai Ten" Point Purchase Policy from the Perspective of Gradualism

Haiping He *

The college of Information, Mechanical and Electrical Engineering, School of Shanghai Normal University, Shanghai, China

* Corresponding Author Email: dgamboa66173@student.napavalley.edu

Abstract. In 2020, Shanghai's property market saw another surge in property prices after several years of sideways trading. Against this backdrop, Shanghai firmly adhere to the principle of "houses are for living, not for speculation", and in January 2021 introduced the "Opinions on Promoting the Stable and Healthy Development of the Real Estate Market in the City" ("Shanghai Ten"), after which a "points" screening process was added to the purchase process of new homes in Shanghai to achieve the policy objective of "prioritizing the needs of 'homeless families' to purchase homes for self-occupation". The policy has been effective, but new problems have arisen. This study adopted the theory of gradualism, took the purchase of housing by families in need as the research problem, analyzed it from the perspective of the loopholes in the points-based policy, discussed its rationale, root causes, drawbacks and countermeasures, and put forward suggestions for solving the problem from the perspectives of providing policy support for multi-children families, exhorting marital risks, and filling the gaps in the law, respectively.

Keywords: Point-scoring policy, households in immediate need, gradualist theory.

1. Introduction

Real estate booms and busts can have far-reaching economic consequences. These booms are usually accompanied by rapid credit growth and a sharp rise in leverage, and when the bubble bursts, the spiral of debt accumulation and deleveraging may threaten financial and macroeconomic stability [1]. Therefore, in order to stabilize the economy, appropriate regulatory policies are particularly important. Scholar Dong Xin pointed out that there are problems with the domestic real estate control policy, which can be generally summarized as: short cycle, many means, insufficient assessment of the effect, more focus on short-term effects and lack of long-term consideration [2]. However, as a pillar industry, the real estate industry involves a wide range of aspects, so it is very difficult to do an accurate assessment of its effects and the formulation of long-term policies. By constructing a multi-sector dynamic stochastic general equilibrium model, scholars Yang Yuanyuan, Jia Pengfei, and GAO Jiechao conclude that both macro-prudential policies and property tax policies are effective in curbing the rise of house prices. Compared with the property tax policy, the macroprudential policy can effectively promote the rigid or improved housing demand and also effectively inhibit the speculative housing demand [3].

Scholars Crowe C, Dell'Ariccia G and others in their studies pointed out the use of targeted macroprudential tools rather than comprehensive monetary policy to deal with excessive and volatile fluctuations in prices and economic activity, which also coincides with the principles of domestic policy [1]. In addition, the author believes that supply and demand is also one of the important influences on house prices. For example, Yuichiro Kawaguchi examined the residential land market in Japan from 1972 to 2006. In his article "Japan's Real Estate Crisis", he points out that in the situation of slowing population growth and long-term economic stagnation, the housing market has a serious oversupply. If the vacancy rate in Japan remains high while the construction rate continues at a high level, the price of residential land will see a further decline [4].

Studies on real estate are quite abundant both at home and abroad. Most scholars have expressed their affirmation of the necessity and importance of the role of real estate in the national economy. However, it can also be seen from the research of scholars in various countries, the real estate industry

more or less for the economy buried hidden dangers, so the real estate control means is particularly important.

In 2021, Shanghai will implement a "point system" policy aimed at safeguarding the legitimate rights and interests of people coming to Shanghai from within the country, standardizing population services and management, improving the level of government services, and promoting the coordinated development of Shanghai's economy, society, resources and environment. In light of the city's development needs, demographic changes, national policy support, international competition and talent mobility, the Shanghai government's point system policy is a necessary policy to attract and retain high-quality talent and alleviate the city's aging population crisis; to improve the circulation of talent and promote the city's economic prosperity and social development; and to establish a more attractive settlement mechanism to meet the city's multi-level talent needs. The current research has found that the policy is not as simple as it should be. In the current research, most of the policy regulation is from a macro perspective, and there are very few studies on the "points system", which is a derivative policy of the "Shanghai 10", but as one of the main regulation tools in Shanghai's real estate industry, the effect of the policy affects every family in Shanghai, and should not be studied. It should be studied.

This paper uses the gradualist model as a theoretical foundation, constructed by scholar Charles Lindblom in his critique of the rationalist model, which was first mentioned in his 1959 article *The Science of Progressive Commissioning*. The theory suggests that policy is a revision of the past, and that progress cannot be achieved overnight, but rather moves forward in one struggle after another. Charles Lindblom argues that policy should be formulated according to three main principles: the principle of step-by-step, the principle of accumulating small things to become big things, and the principle of seeking change in a steady manner [5]. In terms of cognitive process, the gradualist model it is also more in line with the general law of the development of things [6].

Based on the model of gradualism, this paper reviews the relevant policies issued by the main state organs and departments from 2013 to the present, analyses the overall changes and loopholes of the real estate control policies, and then gives policy suggestions to improve the home purchase situation of the new home buyers.

2. Policy Review

In 2013, the Political Bureau of the Central Committee of the Communist Party of China (CPC) mentioned at the 10th collective meeting of the CPC Central Committee that "the housing issue" is "a livelihood issue" as well as "a development issue", which is related to "the immediate interests of thousands of households" and "the harmony and stability of society". "The immediate interests of thousands of households", related to "social harmony and stability" [7]. Since then, all regions have resolutely implemented the central government's decision-making and deployment, and have continuously strengthened their policies and controls in an effort to promote the stable development of the property market.

At the end of 2016, the Central Economic Work Conference proposed for the first time that "houses are for living, not for speculation" [8]. The Shanghai Municipal Government responded positively to the central government's decision-making and deployment, and quickly issued the "Notice on Further Strengthening the Supervision of the Real Estate Market in the City to Regulate the Pre-sale of Commodity Housing". Clearly require that the customer accumulation is greater than the available housing projects, should be "by the notary institution to preside over the lottery" public sales of commodity housing, "lottery sorting", "according to the order of the purchase of housing" [9]. Since then, the Shanghai property market has begun to calm down.

In 2020, Shanghai saw another surge in property prices. Against this backdrop, Shanghai issued the "Opinions on Promoting the Stable and Healthy Development of the City's Real Estate Market" ("Shanghai 10") in January 2021, which "improves the system of selecting new commercial housing by notary public balloting, and gives priority to meeting the needs of 'homeless families' for self-

occupation's demand for home ownership" proposed that the policy should be tilted towards "homeless families" [10].

The "Shanghai Ten" is a derivative policy of the "points system", that is, after the subscription, the buyer will have a point by combining the five factors of family, household registration, housing status, record of purchasing a house in Shanghai within five years, and payment of social security in Shanghai; and then according to the principle of a certain proportion of the number of people in the balloting over the number of housing units. Then, according to the principle of a certain proportion of the number of people in the lottery than the housing supply, according to the points in order of priority, select the list of people who will enter the notary public lottery to choose a house. The "points system" originated in Shenzhen, which introduced the policy of "implementing the residence permit system" in 2013, and started to implement the points settlement system, which is the start of the points to buy a house, and is also the first city in China to buy a house with points. After the reform and opening up of Shenzhen to achieve from scratch, the economic take-off, the constant influx of population and limited land and housing resources conflict forced Shenzhen to use points to buy housing to ease the contradiction, and then Beijing, Shanghai, Guangzhou, Chengdu, Hangzhou and other cities have drawn on the implementation of the points system, to ease the contradiction of urban housing.

3. Situation after the Introduction of "Shanghai ten" Policy

After the introduction of the "Shanghai ten" new control policy, Minhang "Yongkang City Pushang Yayuan", Baoshan "Jingwei City Oasis Home III", Jiading "Fengfan Jiayuan" 3 properties launched public subscription. 3 properties have adopted the "points system". Three properties, "Yongkangcheng Puxiang Yayuan" in Minhang, "Jingwei City Oasis Home III" in Baoshan, and "Fengfan Jiayuan" in Jiading, were launched for public subscription, and the "points system" was adopted for all three properties. Since then, all new developments in Shanghai have been triggered to sell, while those that have not are mainly in less accessible areas. Within the outer ring and the district government year in the town's new buildings in the score are generally more than 60 points, such as Huafa Panglong four seasons 60 points, Huafa Peninsula Huating 76 points, Senlan Court 88.86 points, Poly Yuexiu and shade of Tianhui 64.14 points. "Yunjin Oriental Yunzhu" project's 255 groups of valid intention to subscribe to the user, all of them are 118.32 full score users.

Currently, the Shanghai Home Buying Points Calculation Table is as shown in table 1 below, through which can be seen that the base points vary for different family situations.

Table 1. Shanghai Property Buying Scorecard.

total value	scoring item	information note	mark	
Base score (out of 60)	Family situation	household	10	
		singleton	0	
	Domicile status	Shanghai account	10	
		Non-Shanghai Account	0	
	Property situation	Housing in Shanghai	5	
		No housing in Shanghai	20	
		Purchase of house within 5 years	homelessness No home purchases within 5 years	20
	dynamic separation	Social security situation	Record of home purchase within 5 years	5
			0.1-0.24 cents for each month of payment since January 2003 (until February 2023, with a ceiling of 241 months)	0
				Depends on the number.

3.1. Analysis on the Problems

The "points system" policy is more flexible than the previous purchase restriction policy, and to a certain extent it has taken care of the "homeless families", but it has also given rise to new problems, which are analyzed as follows.

3.1.1. Limited coverage

The "points system" policy for the Shanghai household registration families who already have a suite of rooms and plan to improve the situation has added difficulties, and this situation is not uncommon in the whole of Shanghai, mainly divided into two kinds of cases. Firstly, with the full liberalization of the two-child policy and even the three-child policy, there are more and more two-child and three-child families, these families may have already purchased a good two-room or three-room property, but with the arrival of the child needs to improve the housing conditions for three-room or four-room. It is also common for young expatriates to buy a house suitable for a single person or a couple, and then switch to a three or four-bedroom home when they have the budget to bring their elderly family members over. With the changes in other countries' policies and rising economic conditions, these families actually have the need for three or even four bedrooms. However, under the "points system" policy, the basic score is relatively low, and even under the most desirable conditions, with the 22 years of social security scores accumulated since 2003, the total score is still not very desirable, and they basically do not have the chance to be shortlisted in the new house lottery for the planned replacement. The "Points System" policy has a low base score. The "points system" policy takes care of "homeless families" to a certain extent, but makes it difficult for families who "want to improve their homes", and the proportion of families in these two situations in Shanghai is not low, so the government should pay attention to this. The government must pay attention to this, further adjust and modify the policy, refine the branch situation, so that it is more in line with the actual situation in Shanghai, and beneficial to more families in Shanghai who have the need to buy a home.

3.1.2. Limiting non-family purchase

Although the state encourages childbirth, and in recent years, policies such as the "full liberalization of the second child" have been opened up one after another, and social welfare benefits are also subsidized for childbirth, for most young men and women in society, the economic downturn, the difficult employment situation, and the huge costs of childbearing are heavy pressures that cannot be ignored, and unless there is a reliable economic basis for support, most young people will not easily enter into marriage. Unless there is reliable financial support, most young people will not easily enter into marriage, and even decide to become "celibate" to avoid the pressure of marriage and childbirth. For young couples who need to enter into marriage, a matrimonial home has become a necessity, but the introduction of the "points system" has created new difficulties for those who want a home. Society for 18 years of age, no house and not yet joined the work of the Shanghai household registration single person, points only 50 points, even with five years of social security points, but only 56 points, which makes it difficult for young men and women celibacy and the need to marry the young people to be short-listed to participate in the new housing lottery, the purchase of housing is out of reach. In the current situation, the epidemic is still lingering, the fertility pressure is likely to continue to rise, the number of celibate young people is rising, the "points system" restricts single men and women and young couples from purchasing homes, which in turn affects the retention rate of young talent in Shanghai, and runs counter to the overall policy.

3.1.3. Many kinds of chaos occur frequently

"Points system" under the implementation of the purchase of housing need to be high points, which led to "fake marriage", "fake divorce", and other chaotic phenomena occur frequently. One of the impact of the price limit by the new disc, a second-hand housing prices upside down obviously, playing the new high profits, scalpers and other speculators to target this, a variety of means endless, seriously disrupting the market order, in the property scene can even be found in the "one day husband

and wife," an absurd example. "One-day couples" refers to the scalper through the way of marriage to help buyers to find a high score of people to get married, the use of high scores to achieve the purpose of shortlisting. After buying the property, the name is removed by way of divorce to effect the transfer of property. Marriage is reduced to a shortcut for the transfer of property sale, saddening, in addition, in order to achieve the purpose of the ill-intentioned deception and even blackmail behaviour more need to be vigilant, there are some in order to increase the number of points of the purchase of real estate and malicious deception of feelings to reach a marriage to increase the number of points of the purchase of real estate, and even forced to buy and sell forced to get married in a vicious case in 2021, there has been a real estate agent in Shanghai, twice arranged for the customer to In 2021, a real estate agent in Shanghai twice arranged for clients to get "fake marriages" to obtain the qualification to purchase a home, taking advantage of the opportunity to fraudulently take away ten million yuan of the purchase price of the case, the Government must take means to intervene to break the strange circle of chaotic phenomena.

4. Suggestions

4.1. Policy Support for Families with Multiple Children

Families with two children may not be able to participate in the new home replacement lottery due to lower scores under the points system because of the number of years of social security or home purchase records. If they have to move to an area outside their previous living area or to an area where the living facilities are not yet complete, it may bring great inconvenience or burden to the family, such as longer commuting time to and from work, higher commuting costs, and incomplete education and other support facilities. Therefore, since the State strongly encourages two or three children, and families with more than one child do have the need for improvement, the local authorities should adopt complementary policies to improve the living conditions of families with more than one child, so as to support the full liberalization of the policy on more than one child.

Provision of additional points: The government can provide additional points or scoring for multi-child families to increase their competitiveness and shortlisting rate in housing allocation, for example, by assigning higher points to multi-child families in the housing quota system, so as to make it easier for them to obtain newly-built commercial housing of a desirable size.

Preferential lending rates: The government can set up special housing loan schemes that offer lower interest rates or more favourable lending terms to families with many children. This can relatively reduce their home purchase burden and make it easier for them to purchase a home that suits their family size.

Tax incentives: The government can consider providing tax incentives for families with multiple children, such as property tax relief or subsidies for home purchase, which can relatively reduce their housing costs and promote the development of the housing market.

Priority allocation policies: governments can develop policies to ensure that families with multiple children receive priority allocation in housing projects, for example, by establishing priority lists for housing projects or reserving a certain number of housing units in advance for families with multiple children.

Government funding: The Government can provide direct housing grants or funding schemes to help families with multiple children pay for housing rent or loans, for example, by subsidizing rents or providing subsidies for home purchases.

Build more housing suitable for families with multiple children: The government can encourage developers and construction companies to build housing projects that are more suitable for families with multiple children, for example, by providing more bedrooms and larger living spaces, and by being close to schools and public transport routes.

The most important aspect of these policy measures is to ensure that they are favourable to multi-child families without causing unfairness to other families, and the government needs to balance various factors to promote social equity and the healthy development of the housing market.

4.2. Risk Counselling for Marriage (Divorce)

2021 Shanghai's property market control policies were further tightened. The Housing and Construction Commission issued an announcement stating that if the number of housing units owned by the original family before the divorce does not meet the purchase restriction, the number of housing units owned by both parties within three years of the divorce will be calculated according to the number of units owned before the divorce. The further increase of the policy has effectively cracked down on the use of "fake divorces" and other illegal means to purchase homes. However, this policy is not effective in curbing the profit-making behaviour of the point-counting giants. This author suggests:

Strengthening the marriage registration and supervision system: The government can strengthen the supervision and review process of marriage registration to ensure that it is genuine and legal, including by strengthening the verification of relevant documents and certificates in order to prevent the use of false materials.

Severe penalties: The government can impose severe penalties on individuals who are suspected of faking marriages in order to obtain a home purchase quota, including fines, cancellation of home purchase quota, withdrawal of relevant benefits, etc. to punish speculators and deter potential offenders.

Information sharing and co-operation: Closer information sharing and co-operation mechanisms could be established between relevant government departments to make it easier to detect sham marriages, such as joint handling by the tax department, the immigration department, the property management department, etc.

Increasing the flexibility of the home ownership quota: The government could consider making the allocation of home ownership quota more flexible by increasing the proportion of quota allocation that is examined in relation to other factors such as family size, tax record, social security record, etc., in addition to marital status.

Strengthening publicity and education: The government can launch a wide-ranging publicity campaign to communicate to the public the risks and consequences of bogus marriages, through channels such as social media, government websites, etc., and to strengthen its efforts to combat undesirable ideas such as "bogus marriages".

Community reporting mechanisms: Establish mechanisms for anonymity or protection of the identity of the reporter, encourage community members to come forward to report suspected sham marriages, and the reporter can receive certain rewards or protection.

Overall, combating undesirable phenomena such as sham marriages for the purpose of obtaining a home purchase quota requires a combination of policy measures and social cooperation. These measures should aim at reducing the incentives for sham marriages and strengthening the monitoring and punishment of irregularities. At the same time, the Government needs to continuously adjust and improve these policies to adapt to the changing social and market environment.

4.3. Filling Legal Gaps

In the case of sham marriages (divorces), the parties will hide their true intentions when making a profit to circumvent policy restrictions. However, if a dispute arises, both parties have an incentive to reveal their intentions in order to seek public redress - litigation. At this point, the law needs to be appropriately adjusted to respond.

Strengthening the marriage registration process: Strengthen the marriage registration process to ensure that all parties applying for marriage provide true information about their identity and intentions, including detailed background checks, document verification and interviews, with higher scores for proof of marriage ceremonies, where applicable. In this regard, the government should strengthen scrutiny or warn those who obtain a licence without any civil ceremony.

Anti-fraud techniques: The use of modern techniques such as facial recognition, fingerprinting and biometrics to ensure that the identities of the parties to a marriage are genuine, which can help to prevent marriages being conducted under false identities.

Legitimate use review: The government may require the parties to a marriage to submit a detailed statement of legitimate use to prove their true intention to marry. If fraud is detected, legal measures can be taken.

Periodic review: Couples who are already married are regularly reviewed to confirm that their marriage is still valid and meets the requirements of the policy, which reduces the likelihood that married people will later fake a divorce to circumvent the policy.

Taken together, filling the legal gaps and discouraging sham marriages from a legal perspective requires comprehensive measures, including enhanced registration procedures, the use of modern technology, strict law enforcement and penalties, and the establishment of a reporting mechanism. These measures should be combined with social education and publicity to raise public awareness of the problem of sham marriages for quotas and to reduce the incidence of related violations.

5. Conclusion

Shanghai, as the benchmark of the mainland property market, has been attracting a lot of attention, and its point purchase policy has affected countless Shanghai house buying families. Based on the principle of gradualism, this paper explores the evolution of Shanghai's real estate market and policy in recent years, identifies some problems and reasons for the implementation of the point purchase policy, and puts forward practical suggestions to further improve the applicability of the policy to market regulation.

This paper argues that the "points system" policy than the previous purchase restriction policy, although to a certain extent to take care of the "no housing families", but there is incomplete coverage, such as not covering the existing a suite, plans to improve the situation of the family; shortlisting is difficult, especially singles, young people and couples; "fake marriage" and other problems of chaos, "fake marriages" and other chaotic problems.

The authors give the following advice on the above issues.

Policy support for multi-child families, such as the provision of extra points, favourable loan interest rates, tax concessions, priority allocation policies, government subsidies, construction of more housing suitable for multi-child families, etc. The most important thing about these policy measures is to ensure that they are favourable to multi-child families but not unfair to other families, and that the Government needs to balance the various factors in order to promote social equity and the healthy development of the housing market.

Conducting marriage (divorce) risk counselling, such as strengthening the marriage registration and supervision system, adopting stringent penalties for bogus marriages, enhancing information sharing and cooperation, increasing the flexibility of the home purchase quota, strengthening publicity and education, and establishing a community reporting mechanism. Overall, combating undesirable phenomena such as sham marriages for the purpose of obtaining a home purchase quota requires a combination of policy measures and community co-operation. These measures should aim at reducing the incentives for sham marriages and strengthening the monitoring and punishment of irregularities. At the same time, the Government needs to continuously adjust and improve these policies to meet the changing social and market environment.

Filling legal gaps, such as strengthening marriage registration procedures, using anti-fraud techniques, legal use review, periodic review, etc. Taken together, filling the legal gaps and discouraging sham marriages from a legal perspective requires comprehensive measures, which should be combined with social education and awareness-raising in order to raise public alertness to the problem of sham marriages for quota purposes and to reduce the incidence of related violations.

However, this paper, although more clearly sorted out the main policies of the Shanghai property market control in recent years, the analysis of the policy is still in a relatively superficial stage, not effectively combined with the actual background, the policy for in-depth research. Among them, through a little rough research and analysis for the "Shanghai ten", put forward some relevant recommendations. However, from a practical point of view, the research recommendations are not

sufficient, such as the case of no housing and no social security does not give clear policy recommendations.

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