

Effects of land incremental value allocation on rural operational construction land (ROCL) under market mechanism: case study in China

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Abstract

The use of the market mechanism to convert the rural operational construction land (ROCL) into urban construction land without ownership changes is currently being introduced into reform pilot projects in China, changing the only form of governmental expropriation in the past. The new system allows rural collective economic organizations and members of the rural collective economy to directly participate in the allocation of land incremental value increases due to changes in land use. This replaces the previous way of allocating only the original use compensation from the government. This paper investigates the collectively owned new system, to establish the positive effects and shortcoming of the new model. Three cases are applied for the analysis using inductive-deductive reasoning methodology based on the property right and land-rent theories. We have found that local government land adjustment charges on the transactions of rural construction land are suggested to be from 16 to 20 percent. The share ownership quantification model (SOQM) of land incremental value allocation between the collective economic organizations and members is effective and beneficial to the development of the rural collective economy and its members.

Topic area: Urban and Regional Policy

Keywords: property right; land-rent theory; rural collective construction land; land incremental value; share ownership quantification model; China