Marketization of Rural Collective-Owned Commercial Construction Land: Policy Orientation, Practice Dilemmas, and Planning Responses

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Abstract: The marketization of collective-owned commercial construction land is a landmark reform for restoring and empowering collective land rights and promoting the integration of urban-rural land markets. As the reform gradually deepens, however, the market-entry model supported by point-based land supply poses adaptation challenges for rural territorial development and for planning formulation and implementation. It has also generated three forms of planning-logic failure: scale mismatch, boundary misalignment, and insufficient dynamic coordination. Against the background of China's land-system reform and the reconstruction of the territorial spatial planning system, this paper proposes the site-area coupled unit as a core planning concept and an intermediary governance object. It further develops a planning strategy system that translates parcel compliance into network coordination and specifies a three-level operational pathway at the county, township, and project levels. The aim is to provide theoretical and practical guidance for the orderly marketization of collective-owned commercial construction land, the allocation of urban-rural land factors, and improvement of China's land-rights system.

Keywords: marketization of collective-owned commercial construction land; point-based land supply; planning failure; site-area coupled unit; planning response mechanism

China's long-standing urban-rural dual structure has produced land-resource mismatch, imbalanced urban-rural development, and damage to farmers' rights and interests at the micro level [1]. Under the requirements of high-quality urbanization and agricultural-rural modernization, breaking the unequal powers derived from land ownership and releasing the multiple values of rural land are critical to rural revitalization [2-4]. Since the 2013 Third Plenary Session of the 18th CPC Central Committee proposed allowing rural collective-owned commercial construction land to be transferred, leased, and contributed as shares under planning and use-control conditions, such land has become a key area of the three rural land reforms. Subsequent pilot policies in 2022 and 2023 emphasized deepening trials in a prudent and controllable manner, reflecting unresolved problems in earlier practice (Fig. 1).

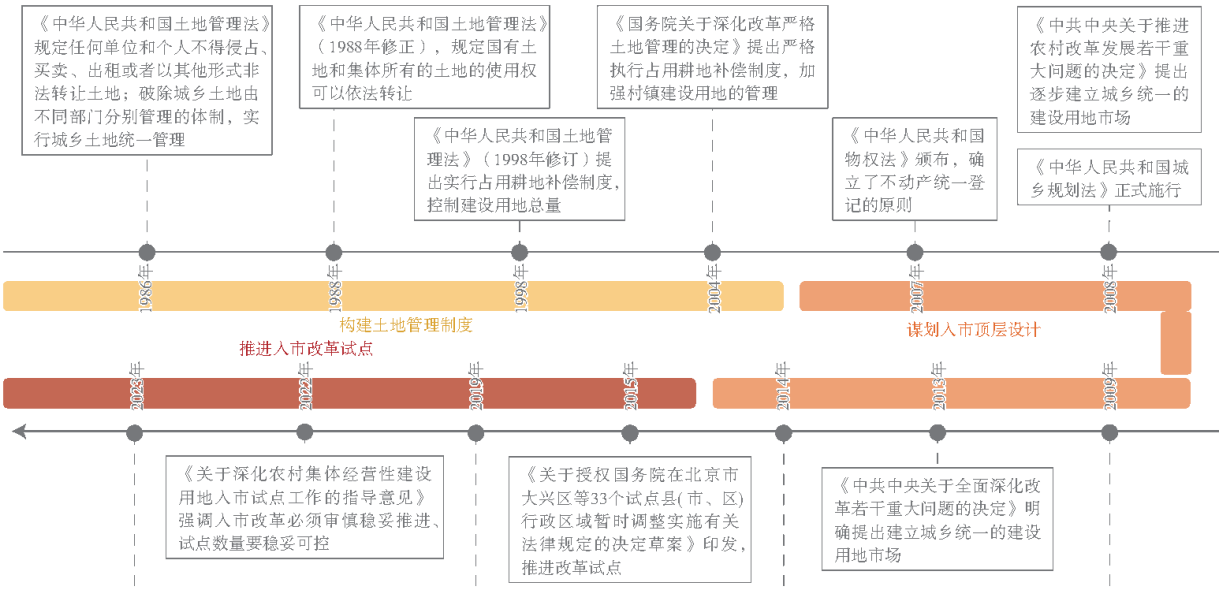

Fig. 1 Timeline of policy evolution for marketizing collective-owned commercial construction land.

Among the factors producing these problems, planning plays a crucial role as the link between institutional supply and spatial practice. On the one hand, land-factor marketization requires planning to coordinate urban-rural land use, construction and development, and village revitalization. On the other hand, the transaction procedures and operational methods for marketizing collective-owned commercial construction land remain insufficiently clear, and planning, as a precondition with legal effect, directly affects whether reform can be implemented. This paper therefore reconstructs the planning concept around the site-area coupled unit and proposes planning strategies and implementation pathways that support urban-rural factor circulation and rural revitalization.

1 Planning challenges in China's land-system transformation

1.1 National policy process of market-entry reform

During the planned-economy period, China's urban-rural dual land system gradually formed and stabilized, becoming an important institutional basis for industrial capital accumulation and catch-up development. Since reform and opening up, socioeconomic development and land-resource endowment changes have gradually broken the rigid urban-rural separation, and policy demands for efficiency, fairness, balance among cities and villages, public interests, and individual interests have increased [5]. The collective land system and its market-entry reform have attracted wide attention and are viewed as an important marginal growth point for deepening rural land-system reform [6]. Policy evolution can be roughly divided into three stages: building the land-management system, planning market-entry top-level design, and advancing pilot market-entry reform.

1.2 Rural development and planning impacts of rural land marketization

The marketization of collective-owned commercial construction land has significantly changed the land-supply structure and market participation mechanism, and has reshaped rural development paths and internal logic. By building a unified urban-rural construction land market, it activates the stock of rural land and gives village collectives and farmers opportunities to participate in land value appreciation [7-11]. It also provides institutional space for rural industries, cultural tourism, logistics, and public services. However, marketization may also intensify spatial fragmentation, speculative land demand, and conflicts between development and protection if planning fails to provide integrated guidance.

2 Practice dilemmas of typical market-entry projects: the case of Shanghai Flower Garden

The Shanghai Flower Garden project in Zhujing Town, Jinshan District, is a typical case of collective-owned commercial construction land entering the market through point-based land supply. The project has a strong rural tourism and ecological landscape orientation, but its operation is constrained by traffic accessibility, surrounding village facilities, land-use indicators, and dynamic development demand (Fig. 2).

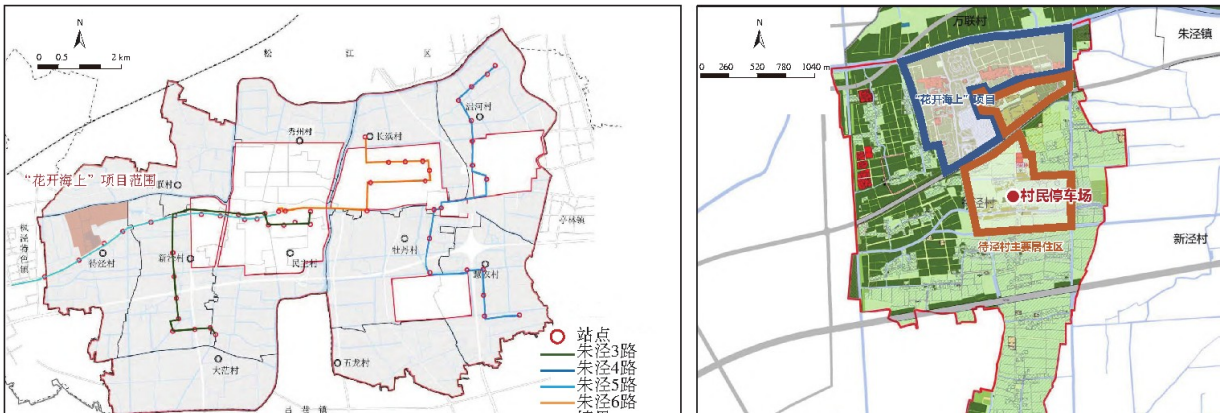

Fig. 2 Traffic conditions of Shanghai Flower Garden.

2.1 Spatial organization has difficulty achieving organic functional integration

The project is embedded in a rural area where tourism, agriculture, ecological landscape, public transport, and village life are intertwined. Existing planning and land-supply approaches tend to focus on the project parcel itself, while supporting functions such as parking, public service, slow traffic, ecological recreation, and village commercial services are distributed beyond the parcel. As a result, the project has difficulty achieving functional integration through a single land-supply point.

2.2 Land-use layout conflicts with the trend of compound development

Point-based land supply is often used to introduce small-scale incremental construction into rural areas, but contemporary rural projects usually require compound functions. In the Shanghai Flower Garden case, cultural tourism, agriculture, ecology, parking, commerce, and public services need to be combined. A rigid land-use layout and separated indicators cannot fully respond to these compound functions, resulting in mismatch between planning control and actual operation.

2.3 Facility configuration cannot adapt to operational demand

Existing facilities are generally allocated according to village production and living norms. They are often insufficient for tourist peaks, self-driving travel, shuttle services, and project operation. Additional facilities can usually be added only in small quantities or in later stages, causing insufficient scale and low operational efficiency. Traffic congestion, parking shortages, and weak public-transport accessibility affect both visitor experience and local life.

2.4 Planning indicators are disconnected from dynamic development demand

Market actors enter projects with iterative business models and flexible timing, while existing rural planning indicators are static and usually apply the logic of state-owned land conveyance [19]. They emphasize plot ratio, building density, and other fixed controls, while rural market-entry projects require small-scale, phased, and distributed adjustment. When indicators are rigid and cannot be dynamically coordinated, projects may be delayed, spatial efficiency may decline, and the advantages of point-based supply may be weakened.

3 Failure and reconstruction of planning compilation logic in market-entry practice

3.1 Point-based land supply as an important model for collective-owned commercial construction land entering the market

As a new land-supply model, point-based land supply is proposed mainly in response to the fact that traditional contiguous land supply is unsuitable for scattered rural development outside urban development boundaries. It

combines landform, buildings, and ground area to arrange construction land in points and reports and supplies land according to the principle of building as much as needed, transferring as much as needed, and acquiring as much as needed [20]. In practice, projects using point-based supply often show several characteristics: layout is strongly tied to landscape and ecological elements; functions are compound and overlap within a single project; operation depends on external transport and public-service networks; and implementation is phased and dynamic.

3.2 Planning compilation failures under point-based land supply

3.2.1 Scale mismatch of planning objects

Traditional village planning often takes the administrative village or village unit as the basic object. Point-based land supply, however, operates at the scale of dispersed sites and functional networks. A project may depend on ecological corridors, transport nodes, service facilities, and tourism routes that exceed the parcel or village boundary. If planning still treats the parcel as the only object, it cannot coordinate the broader spatial relationships necessary for project operation.

3.2.2 Misalignment of unit boundaries

Administrative boundaries, land-ownership boundaries, planning-unit boundaries, and project-operation boundaries are often inconsistent. A project may cross villages, ownership groups, ecological units, or transport service areas. If planning remains tied to administrative boundaries, it cannot effectively allocate construction indicators, infrastructure, landscape resources, and public services across the actual functional area.

3.2.3 Insufficient dynamic coordination

Rural industries and cultural-tourism projects are highly uncertain and evolve rapidly. Existing planning is usually prepared and approved as a fixed document, while project operation requires phased development, iterative function adjustment, and flexible infrastructure provision. Without dynamic coordination mechanisms, planning cannot respond to market changes and implementation feedback.

3.3 Conceptual reconstruction: from village unit to site-area coupled unit

To address these failures, this paper proposes the site-area coupled unit. The site refers to the specific market-entry parcel or project point, while the area refers to the surrounding functional area that supports project operation, including traffic, facilities, ecological space, village services, and industrial connections. The site-area coupled unit is an intermediary governance object between the project parcel and the village or township territory. It enables planning to move from parcel compliance toward network coordination and allows scattered land supply to be connected with contiguous functional organization [22-23].

4 Spatial planning responses for site-area coupling

4.1 Strategy system: planning-adaptive response pathways

4.1.1 Spatial integration

Spatial integration means connecting the scattered market-entry site with surrounding ecological, transport, facility, and industrial spaces. Planning should identify the functional area necessary for project operation and coordinate slow traffic, parking, public service, landscape, agricultural production, and village life within that area.

4.1.2 Unit optimization

Unit optimization means adjusting planning-unit boundaries according to project operation and spatial function. The site-area coupled unit should not be mechanically equal to the administrative village, ownership boundary, or single parcel. It should be delineated according to functional linkages, operation needs, ecological constraints, and infrastructure service scope.

4.1.3 Dynamic coordination

Dynamic coordination requires planning to reserve mechanisms for phased implementation, indicator adjustment, facility upgrading, and project feedback. Planning should combine bottom-line control with flexible guidance, allowing rural market-entry projects to evolve without weakening ecological protection or public-interest safeguards.

4.2 Operational mechanism: planning embedding and spatial organization

4.2.1 County level

At the county level, territorial spatial planning should identify suitable areas and project types for collective-owned commercial construction land entering the market. It should coordinate construction land indicators, ecological protection requirements, industrial orientation, and public-service capacity, and clarify the overall layout of market-entry projects and supporting networks.

4.2.2 Township level

At the township level, planning should refine site-area coupled units, connect them with village planning and township territorial spatial planning, and coordinate public facilities, transport organization, ecological corridors, and industrial spaces. The township is the key scale for translating strategic layout into functional networks.

4.2.3 Project level

At the project level, planning should specify the market-entry parcel, building scale, permitted use, facility configuration, traffic organization, landscape control, and phased implementation requirements. It should also clarify how project income, public facilities, and village collective interests are connected, so that the project can both operate efficiently and support rural public interests.

4.3 Implementation support

Implementation requires coordination between planning, land supply, approval, and operation. It is necessary to improve supporting policies for point-based land supply, establish mechanisms for dynamic indicator management and cross-boundary coordination, and strengthen the linkage between planning permits, land contracts, and project operation. Monitoring and evaluation should be used to adjust site-area coupled units and implementation requirements, ensuring that market-entry reform supports urban-rural factor flow, spatial integration, and rural revitalization.

5 Conclusion

The marketization of rural collective-owned commercial construction land is an important reform for improving China's land-rights system and promoting urban-rural integration. Yet point-based land supply has exposed planning failures in object scale, unit boundary, and dynamic coordination. The site-area coupled unit proposed in this paper provides an intermediary governance object that connects project parcels with surrounding functional areas. Through spatial integration, unit optimization, and dynamic coordination, and through a county-township-project operational pathway, planning can shift from parcel compliance to network coordination and play a substantive role in promoting urban-rural factor circulation and overcoming the urban-rural dual paradigm.

Notes

① Zhujing Town People's Government of Jinshan District, Shanghai. Planning of the suburban unit (village) of Zhujing Town, Jinshan District, Shanghai (2017-2035), 2020.

② Zhujing Town People's Government of Jinshan District, Shanghai. Special adjustment of local land parcels in Daijing Village, Mudan Village and Wanlian Village under the suburban-unit village planning of Zhujing Town, Jinshan District, Shanghai, 2023.

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