

香港特別行政區政府
The Government of the Hong Kong Special Administrative Region

房屋及規劃地政局
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13 July 2005

Clerk to LegCo Panel on Housing
Legislative Council Secretariat
Legislative Council Building
8 Jackson Road
Central
Hong Kong
(Attn: Miss Becky Yu)

Dear Miss Yu,

Legislative Council Panel on Housing
Follow-up to meeting on 12 April 2005

At Panel meeting on 12 April, during discussion on the disposal of surplus Home Ownership Scheme flats, a Member asked the Administration to provide information on the state of the property market after implementation of the repositioned housing policy, and the expenses incurred by the Housing Authority as a result of cessation of flat sale under the Home Ownership Scheme.

In November 2002, in view of the sluggish property market and the serious imbalance between housing supply and demand, the Government and the Housing Authority decided to cease the production and sale of Home Ownership Scheme flats indefinitely. The objective is to minimise intervention into the property market with a view to facilitating its sustained and healthy development on a level playing field. In arriving at this decision, the Government and the Housing Authority have taken into consideration the costs of withholding the surplus flats from sale until the end of 2006. It is roughly estimated that the management fees, Government rents and subsequent pre-sale refurbishment costs of these flats would be around \$4 million.

Notwithstanding the holding costs, following implementation of the repositioned housing policy, the property market has gradually recovered and the general social atmosphere is also brightening up. The overall value of Hong Kong's property assets has increased by about \$872 billion from November 2002 to May 2005. The number of negative asset cases also fell substantially from the peak of about 100 000 at the end of June 2003 to about 14 000 at the end of March 2005. These are reassuring indications that the repositioned housing policy is heading in the right direction and in line with the overall interests of the public.

Yours sincerely,

(Miss Joey Lam)
for Secretary for Housing, Planning and Lands