

Motion on
“Comprehensively reviewing subsidized home ownership schemes”
at the meeting of the Legislative Council on 5 December 2007
Progress Report

Purpose

At the Legislative Council meeting on 5 December 2007, the motion moved by the Hon CHAN Kam-lam, as amended by the Hon LEE Wing-tat, on “Comprehensively reviewing subsidized home ownership schemes” was carried. The wording of the passed motion is as follows:

“That, as the private property market has become prosperous again and property prices continue to rise, which puts pressure on the burden of housing on the public, this Council urges the Government to expeditiously review afresh the various subsidized home ownership schemes, including the Home Ownership Scheme (HOS), Tenants Purchase Scheme and Home Assistance Loan Scheme, and proactively consider resuming the construction of an appropriate number of HOS flats and the sale of an appropriate number of public rental housing flats, and the number may be adjusted according to the needs of the community, land available to the Housing Authority and its financial situation, with a view to more effectively utilizing housing resources and alleviating the burden of housing on the public as well as allowing the public to meet their housing needs through various channels.”

2. This report briefs Members on the work progress made by the Administration.

The proposal of comprehensively reviewing subsidized home ownership schemes

3. The current housing policy of the Government is to concentrate its resources on providing public rental housing (PRH) for families which cannot afford private rental housing. On the proposal to review the subsidized home ownership schemes, we consider that several considerations are relevant. They include whether there is a serious imbalance in the property market, whether there is a problem in the turnover of PRH flats and whether there is a public consensus to revise the existing housing policy.

The progress

4. At the meeting of the Legislative Council Panel on Housing on 7 January 2008, the Government reported to Members the latest statistics of the private property market. Regarding the prices of private domestic properties, as at the third quarter of 2007, the price index for flats with a saleable area of 40 to 69.9 m² increased by about 69% when compared with the same period in 2003, but is still 41% lower than that of 1997. As for the mortgage-to-household income ratio, assuming that a private domestic household with the median household income purchased a domestic unit of a saleable area of about 40 m² with a 70% loan-to-value ratio and a repayment period of 20 years, the mortgage-to-household income ratio was 30% as at the third quarter of 2007, which is much lower than the 77% in 1997 and roughly similar to the figures of 2005 and 2006. As regards the number of transactions of middle-to-lower-priced flats, there was a 30% increase in the number of transactions of middle and small-sized flats priced at less than two million dollars in 2007 as compared with that of 2003. This type of units accounted for 60% of the total number of transactions in the past few years, showing that in general, despite the rise in property prices in recent years, flats of various types and prices are still available in the residential property market.

5. At the Panel meeting on 7 January 2008, we also briefed Members on the turnover of PRH flats, including the number of PRH flats recovered through surrender by sitting tenants voluntarily or following purchase of flats in the HOS secondary market, as well as flats recovered on tenancy-related grounds over the past ten years. Currently, on average half of the PRH flats available for allocation each year are flats recovered from PRH residents. In addition, the current average waiting time for PRH flats is around 1.9 years, which is within the pledge of maintaining the average waiting time at about 3 years. The above shows that there is currently a certain degree of turnover of PRH flats.

The way forward

6. The Government will continue to monitor the development of the property market and the turnover of PRH flats, listen to the views of the public on the relaunch of the various subsidized home ownership schemes, and conduct review and consultation when appropriate.