

**立法會**  
**Legislative Council**

LC Paper No. CB(1) 1751/09-10(11)

Ref: CB1/PL/HG

**Panel on Housing**

**Meeting on 3 May 2010**

**Updated background brief on the proposal to re-launch the  
Home Ownership Scheme and Tenants Purchase Scheme  
(Position as at 29 April 2010)**

**Purpose**

This paper sets out the development of the proposal to re-launch the Home Ownership Scheme (HOS) and Tenants Purchase Scheme (TPS), as well as gives a brief account of the views expressed by members at meetings of the Council and the Panel on Housing (Panel).

**Background**

2. The property market, particularly the private residential market, was hard hit as a result of the property slump in 1997. The major downward price adjustment in the private residential flats had brought about an overlap between HOS and private residential market. In response to the change, the Administration announced in November 2000 a major cutback in HOS sales to no more than 20 000 units a year. However, the sale of HOS continued to put additional pressure on the property market due to worsening global economic conditions. In September 2001, the Administration announced the implementation of a moratorium on the sale of HOS flats until end June 2002. At the same time, the Administration undertook a root and branch review of the public housing policy with a view to restoring the confidence of the public and investors in the property market.

3. In November 2002, the Administration announced its re-positioned housing policy to withdraw from its role as property developer by halting the production and sale of subsidized flats and reduce radically its share in the overall housing production. The Government would continue to provide subsidized rental accommodation to low-income families which were unable to afford private rental housing, and would endeavour to keep the average waiting time for public rental housing (PRH) at three years. As a result, the production and sale of HOS flats ceased indefinitely from 2003 onwards. HOS flats that were completed or under construction would be

disposed of through market-friendly means. In line with the re-positioned housing policy, the sale of PRH units under TPS was also ceased after the last TPS phase 6B in 2005.

### **Proposal to re-launch HOS and TPS**

4. With the recovery of the local economy since 2003 and property prices continue to rise, there were increasing calls for the re-launching of HOS and TPS to assist low-income families to achieve home ownership. According to the Administration, the re-positioned housing policy aims at minimizing intervention in the operation of the property market and facilitating its steady development. It also allows the Housing Authority (HA) to concentrate its limited resources on providing housing assistance to PRH tenants and over 110 000 needy applicants on the Waiting List (WL). To re-launch HOS or TPS will inevitably divert resources from and affect HA's ability in implementing the public housing programme.

### **Previous discussions by Members**

5. The Panel held a number of meetings on 22 October 2007, 7 January and 7 July 2008 as well as 2 February 2009 to discuss the proposal to re-launch HOS and TPS. Noting from the Administration that there were at least three factors which were relevant in considering whether HOS should be re-launched, viz. whether there was a serious imbalance in the market making it difficult for the low and middle classes to purchase flats, whether the turnover of PRH flats was so low that the waiting time for PRH had been seriously affected, and whether there was public consensus to revise the existing housing policy, members questioned the criteria for assessing the first two considerations, and whether consultation would be conducted to ascertain if there was a public consensus on the third one.

6. Given the escalating prices of new flats, high land premium in recent land auctions, and the anticipated reduction in flat supply in the next few years, some members supported the revival of HOS to satisfy the increased home ownership aspiration of those who could neither qualify for PRH nor afford private flats, as evidenced by the large number of White Form applications for the overhung HOS flats. The Administration was urged to conduct early consultation on the review of HOS as the lead time for the development of HOS would take at least five to seven years. Other members however agreed that the Government should not intervene with the market, and that flat prices in the private market should be adjusted by market forces. Instead of reviving HOS, consideration should be given to reviving the Home Assistance Loan Scheme to meet the home ownership aspiration of low-income families and the young people. The Government should also secure land, including that in the urban area, to provide sufficient PRH flats to further reduce the waiting time for PRH applicants. To avoid an overlap between HOS and private residential market, a member suggested that consideration should be given to restricting the eligibility for HOS flats to PRH tenants. This would help improve the turnover rate of PRH flats for re-allocation since tenants would have to return their PRH flats upon successful application for HOS.

7. Some members also questioned the rationale for halting TPS, which in their opinion should not affect the private residential market given the low sales prices of TPS flats which were way below that in the private sector. The re-launching of TPS would not undermine HA's ability to maintain the average waiting time at around three years, since the supply of PRH flats should be met mainly through the production of new flats rather than turnover of existing flats. Besides, the proceeds from sales of TPS would help finance PRH production, which in return would increase the supply of PRH stock to expedite flat allocation to WL applicants. The re-launching of TPS could also motivate owner occupiers to better manage and take care of their own properties, thereby relieving HA of its management responsibilities.

8. Members were gravely disappointed that despite their repeated requests, the Administration had declined to re-launch HOS and TPS. At the meeting on 7 July 2008, the Panel passed a motion to request HA to resume the sale of PRH flats and HOS flats as early as possible, and formulate a timetable for implementation, so as to improve people's livelihood.

9. Two motions were carried at the Council meeting on 5 December 2007 and 4 November 2009 urging the Government to expeditiously review afresh the various subsidized home ownership schemes, including HOS, TPS and Home Assistance Loans Scheme, and proactively consider resuming construction of an appropriate number of HOS, adopting proactive measures to revitalize the HOS Secondary Market, and re-launching TPS 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. The wordings of the motions are hyperlinked below for ease of reference.

### **Latest development**

10. To gauge public views on the proposal to re-launch HOS and TPS, deputations would be invited to express their views at the Panel meeting on 3 May 2010.

### **Relevant papers**

Minutes of the Housing Panel meeting on 22 October 2007

<http://www.legco.gov.hk/yr07-08/english/panels/hg/minutes/hg071022.pdf>

Motion moved by Hon CHAN Kam-lam as amended by Hon LEE Wing-tat at the Council meeting on 5 December 2007

[http://www.legco.gov.hk/yr07-08/english/counmtg/agenda/cmtg1205.htm#m\\_2](http://www.legco.gov.hk/yr07-08/english/counmtg/agenda/cmtg1205.htm#m_2)

Administration progress report to motion moved by Hon CHAN Kam-lam as amended by Hon LEE Wing-tat at the Council meeting on 5 December 2007

<http://www.legco.gov.hk/yr07-08/english/counmtg/motion/cm1205-m2-prpt-e.pdf>

Administration's paper on Home Ownership Scheme and Tenants Purchase Scheme for the meeting on 7 January 2008

<http://www.legco.gov.hk/yr07-08/english/panels/hg/papers/hg0107cb1-506-6-e.pdf>

Minutes of the Housing Panel meeting on 7 January 2008

<http://www.legco.gov.hk/yr07-08/english/panels/hg/minutes/hg080107.pdf>

Administration's paper on Home Ownership Scheme and Tenants Purchase Scheme for the meeting on 7 July 2008

<http://www.legco.gov.hk/yr07-08/english/panels/hg/papers/hg0707cb1-2057-2-e.pdf>

Minutes of the Housing Panel meeting on 7 July 2008

<http://www.legco.gov.hk/yr07-08/english/panels/hg/minutes/hg080707.pdf>

Administration's paper on re-launching of Home Ownership Scheme and Tenants Purchase Scheme for the meeting on 2 February 2009

<http://www.legco.gov.hk/yr08-09/english/panels/hg/papers/hg0202cb1-669-3-e.pdf>

Minutes of the Housing Panel meeting on 2 February 2009

<http://www.legco.gov.hk/yr08-09/english/panels/hg/minutes/hg20090202.pdf>

Motion moved by Hon LEE Wing-tat as amended by Hon WONG Kwok-hing and Hon James TO at the Council meeting on 4 November 2009

<http://www.legco.gov.hk/yr09-10/english/counmtg/motion/cm20091104m4.htm>

Administration progress report to motion moved by Hon LEE Wing-tat as amended by Hon WONG Kwok-hing and Hon James TO at the Council meeting on 4 November 2009

<http://www.legco.gov.hk/yr09-10/english/counmtg/motion/cm1104-m4-prpt-e.pdf>

Council Business Division 1  
Legislative Council Secretariat  
29 April 2010