

**The Legislative Council meeting on 4 May 2011**  
**Motion on “Enhancing the My Home Purchase Plan”**

**Progress Report**

**Purpose**

At the Legislative Council meeting on 4 May 2011, the motion on “Enhancing the My Home Purchase Plan” moved by the Hon CHEUNG Hok-ming and amended by the Hon Frederick FUNG Kin-kee, Hon LEE Wing-tat, Hon WONG Kwok-hing and Hon Paul CHAN Mo-po was carried. The wording of the motion carried is at Annex.

2. This report sets out the Administration’s follow-up actions taken in respect of the aforementioned motion.

3. The Government announced in October 2010 that it would in collaboration with the Hong Kong Housing Society (HKHS) introduce “My Home Purchase Plan” (MHPP) which was premised on the concept of “rent-and-buy”. MHPP will effectively target at households which have home purchase plans and the ability to pay mortgages in the long run but which cannot immediately afford the down payment in the face of short-term property price fluctuations, and will provide a buffer to facilitate those households to save up over a period of time for home purchase.

4. Under MHPP, the Government will provide land for HKHS to build “no-frills” small and medium sized flats for lease to eligible applicants at prevailing market rent. The tenancy period will be up to five years, within which the rent will not be adjusted. MHPP tenants who purchase a MHPP flat at prevailing market price or a flat in the private market within a specified time frame will receive a Purchase Subsidy equivalent to half of the net rental they have paid during the tenancy period, and may use it for part of the down payment. Also, MHPP helps increase the supply of “no-frills” small and medium sized private residential flats.

**Expedite the progress of MHPP**

5. The first MHPP project at Tsing Luk Street in Tsing Yi will provide about 1 000 small and medium-sized “no-frills” flats. Pre-letting of the flats will take place in 2012 and the project will be completed in 2014. The building plans submitted by HKHS have been approved by the Buildings Department, and HKHS is conducting tendering exercises for the project. HKHS has reached preliminary

agreement with the Lands Departments on the lease modification. The Kwai Tsing District Council was consulted on the project. We will discuss with HKHS on how to start the pre-letting exercise as soon as possible. HKHS will announce the application period and other details for the Tsing Luk Street project when the preparatory work is completed.

6. The second MHPP project will be at Sha Tin Area 36C, near Siu Lik Yuen. Depending on the flat sizes, about 700 small and medium-sized flats may be built on the site. The exact number of flats to be built will have to be worked out after further study. We will work with HKHS on the implementation details for the Sha Tin project as soon as possible.

7. Like all other residential developments, MHPP projects have to undergo a planning process, such as finalizing the conditions of the Government Lease, project design and application for change of land use zoning as appropriate, etc. Also, the construction of flats takes time. Depending on the scale, in general, a residential development will take three to five years from inception to completion. Having said that, we will expedite the preparatory work so that the MHPP projects can be implemented as soon as possible.

### **Quota for “White Form” and “Green Form” applicants**

8. The majority of the quota under MHPP will be allocated to White Form applicants, and some of the quota will be allocated to public rental housing (PRH) tenants. The channel of traditional HOS in enabling Green Formers to move from PRH to home ownership is therefore preserved, and this also helps the turnover of PRH. Also, there will be a quota specifically for singleton applicants.

### **MHPP flat prices**

9. MHPP will provide “no-frills” small and medium sized flats. There will not be elaborated ancillary facilities in the development, and the efficiency ratio of the units will be high. The rental and the prices of the flats will reflect the “no-frills” nature and age of the units, so they should not be seen as ordinary market value.

10. Under the existing loan and mortgage arrangements, potential home buyers may purchase a mortgage insurance under the Hong Kong Mortgage Corporation’s (HKMC) Mortgage Insurance Programme and obtain a mortgage from banks at 90% loan-to-value ratio. Such arrangement will also be applicable to the MHPP units. Those who joined the MHPP and are unable to save for 30% of the flat price as

down payment may consider purchasing the mortgage insurance from the HKMC.

### **Enhancing MHPP**

11. We will continue to listen carefully to the views from Members and the public on further enhancing MHPP, and will explore whether there is room to further enhance MHPP.

**Transport and Housing Bureau  
July 2011**

(Translation)

**Motion on  
“Enhancing the My Home Purchase Plan”  
moved by Hon CHEUNG Hok-ming  
at the Legislative Council meeting  
of Wednesday, 4 May 2011**

**Motion as amended by Hon Frederick FUNG Kin-kee, Hon LEE Wing-tat,  
Hon WONG Kwok-hing and Hon Paul CHAN Mo-po**

That, although the Government put forward the My Home Purchase Plan (‘MHPP’) in the Policy Address announced in October last year, under which a total of 5 000 small and medium flats will be made available to eligible people to ‘rent-and-buy’, in the meantime private residential property prices have soared to a level which exceeds the peak in 1997, and the middle and lower classes still face housing difficulties, reflecting that MHPP is unable to satisfy people’s aspiration for acquiring their homes and even fails to resolve the long-term housing demand; in this connection, targeting at the overall housing problem and the inadequacies of MHPP, this Council urges the Government to formulate a stable, sustainable and long-term housing policy, accept the mainstream public opinion as well as the almost unanimous proposal of this Council to resume the construction of Home Ownership Scheme flats, re-launch the Tenants Purchase Scheme and enhance MHPP; the relevant enhancement measures should include:

- (a) to make MHPP more flexible, and enhance the measure of ‘rent-and-buy’ to become ‘rent-or-buy’, thereby enabling applicants to purchase their flats at any time;
- (b) to offer discounts on flat prices and impose restrictions on the resale of flats to prevent speculation;
- (c) to offer home mortgage guarantees, enabling applicants to obtain 90% bank mortgage and purchase a flat with only 10% down payment;
- (d) to increase the quantity of flats to be launched in the first year to 2 000;
- (e) to allocate additional sites, including studying the use of some suitable sites on the Application List for constructing MHPP flats, with a view to increasing the supply of flats; and

- (f) to review and expedite the various procedures of MHPP, so as to shorten the time between the planning and completion of projects;
- (g) to make available 3 000 to 5 000 flats annually after the first year; and
- (h) to make reference to the effective systems of green forms and white forms under Home Ownership Scheme, enabling both public rental housing tenants and private housing residents to have opportunities of making applications; and
- (i) to stipulate in the Conditions of Sale in the future that only Hong Kong citizens are permitted to purchase MHPP flats, and that such flats can only be resold to Hong Kong citizens.