

Legislative Council meeting on 6 July 2011

Motion on “Immediately announcing the resumption of the construction of Home Ownership Scheme flats”

Progress Report

Purpose

At the Legislative Council meeting on 6 July 2011, the motion on “Immediately announcing the resumption of the construction of Home Ownership Scheme flats” moved by the Hon Alan LEONG Kah-kit and amended by the Hon WONG Kwok-kin was carried. The wording of the motion carried is at Annex. This report sets out the Administration’s position and the follow-up actions taken in respect of the aforementioned motion.

Subsidised home ownership

2. The Government recognises the importance of a stable home. Any form of subsidised home ownership scheme will, however, only serve as a buffer. In the long term, the Government is committed to increasing the supply of land with a view to tackling the problem at source. In face of short-term market fluctuations, it is appropriate for the Government to provide relief measures to those who have plans and who are able to afford to buy homes in the long run so as to give them time to save up for home purchase.
3. The Government will, in collaboration with the Hong Kong Housing Society (HKHS), introduce the “My Home Purchase Plan” (MHPP) which is 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 who cannot immediately afford the down payment in the face of short-term property price fluctuations, allowing them to save up over a period of time for home purchase.
4. After announcing the MHPP, we note that there have been views urging for an increase in the number of flats to be built and the early delivery of the projects so that more people can benefit from MHPP sooner. The Government will continue to listen to the community’s views carefully, and will explore whether there is room to enhance the MHPP.
5. On the issue of Home Ownership Scheme (HOS), the Government notes that there are diversified views in the community. The issue must be considered in the context of overall housing policies, including how to utilize effectively land resources available for different housing uses for the community, and to avoid

affecting the supply of public rental housing (PRH) flats. The Chief Executive has indicated that he will respond to this issue in this year's Policy Address.

Land supply for public housing

6. The Government's current subsidized housing policy is to provide PRH for low-income families who cannot afford private rental accommodation, with a target of maintaining the average waiting time (AWT) for PRH at around three years for general applicants. According to the current five-year rolling Public Housing Construction Programme (PHCP) of the Housing Authority (HA), the anticipated new PRH production during the five-year period starting from 2011/12 is about 75 000 flats, averaging about 15 000 flats per year. Together with the PRH flats to be recovered, this production level should allow the HA to meet its objective of maintaining the AWT for general applicants at around three years.

7. The Government and the HA will continue to review regularly the land supply for public housing, the construction progress and flat production level. The PHCP will be rolled forward on a yearly basis with suitable adjustments made in the light of public demand for public housing. The HA will also continue to liaise closely with the concerned policy bureaux, Government departments, district councils and local communities to identify suitable sites in different parts of the territory for PRH development.

The public/private housing ladder

8. Overall speaking, the Government considers that people have different levels of affordability and that there should be various housing options available. The first level is PRH for low-income families who cannot afford private rental accommodation. Above PRH are the second-hand HOS flats in the HOS Secondary Market where PRH tenants are allowed to purchase HOS flats with premium not yet paid. This is to provide an avenue for sitting PRH tenants to attain home ownership and at the same time vacate more PRH units for allocation. The next levels are flats of lower prices in the private property market targeting the general public, HOS flats sold in the open market after payment of premium and MHPP flats. In the private property sector, there are also residential flats available in both the primary and secondary markets to satisfy the diverse demands of those who can afford private flats.

**Transport and Housing Bureau
September 2011**

(Translation)

**Motion on
“Immediately announcing the resumption of the construction of Home
Ownership Scheme flats”
moved by the Hon Alan LEONG Kah-kit
at the Legislative Council meeting
of Wednesday, 6 July 2011**

Motion as amended by Hon WONG Kwok-kin

That, since the policy of ‘quantitative easing’ adopted by the United States has caused a proliferation of external capitals, the threats of asset-price bubbles and inflation have therefore emerged in Hong Kong, and private residential property prices continue to rise; the measures introduced by the Government cannot curb the rising trend of property prices, thereby causing housing difficulties to the sandwich class and home acquisition difficulties to the middle class in Hong Kong; and, as the public have keen housing demands, resuming the Home Ownership Scheme (‘HOS’) is of an urgent need; in this connection, this Council opines that the Government should not wait until October to announce the resumption of HOS in the Policy Address, and urges the authorities to share the public’s urgent concern by immediately announcing the specific arrangements of resuming HOS, so as to relieve the current housing concern of the public; the relevant details should include:

- (a) to expeditiously undertake preliminary work for resuming the construction of HOS flats, including establishing a framework for resuming the construction of HOS flats and identifying sites, and when necessary, to use the sites originally earmarked for the My Home Purchase Plan for constructing HOS flats, so as to strive for the completion and supply of flats beginning from 2014;
- (b) to delink the pricing of HOS flats from market prices, and use the income levels, home purchase affordability rates and repayment ability of eligible persons and construction costs, etc., as the basis of pricing; and at the same time, to set resale conditions, so as to restrict resale of newly completed HOS flats for profit easily;
- (c) to use certain former public rental housing sites which have been designated for private development for constructing new HOS flats, so as to offer the sandwich class opportunities of continuing to live in the urban areas;

- (d) to review the eligibility requirements for HOS applicants in the light of actual circumstances, and consider raising the income and asset limits for applicants;
- (e) to increase the ratio of white-form applicants (i.e. non-public rental housing tenants);
- (f) while announcing the resumption of the construction of HOS flats, to increase public rental housing supply and shorten public rental housing applicants' waiting time, with a view to fully alleviating the current housing demands of middle-income and low-income people as well as the sandwich class, and enable public rental housing tenants with the means to acquire homes through HOS, thereby achieving the 'revolving-door' effect; and
- (g) to expeditiously formulate a long-term housing and land supply policy, including rebuilding the three-rung housing mobility ladder of 'public rental housing- HOS flats- private residential flats', and to conduct studies, so that the Government can provide adequate residential sites for supply to the three different housing modes as public rental housing, HOS flats and private residential flats.