

The Legislative Council meeting on 10 November 2010

Motion on “Helping needy persons acquire their homes”

Progress Report

Purpose

At the Legislative Council meeting on 10 November 2010, the motion on “Helping needy persons acquire their homes” moved by the Hon LEE Wing-tat and amended by the Hon Frederick FUNG Kin-kee, the Hon CHAN Kam-lam and the Hon Ronny TONG Ka-wah was carried. The wording of the motion carried is at Annex.

2. This report consolidates the comments from relevant policy bureaux, and sets out the Administration’s position and the follow-up actions taken in respect of the aforementioned motion.

Housing Policy and Resumption of Home Ownership Scheme

3. The Government’s housing policy remains that set out in the “Statement on Housing Policy” announced by the then Secretary for Housing, Planning and Lands in November 2002. This is “delivering the overarching objective of providing subsidized rental housing for families in need must continue to sit at the very heart of the Government’s housing strategy”. The Government remains fully committed to providing public rental housing (PRH). On the other hand, it will continue to withdraw as far as possible from housing assistance programmes other than PRH to minimize intervention in the market. At the same time, the Government is firmly committed to ensuring a fair and stable operating environment for the healthy development of the private property market, and enhancing the transparency of sales information and fairness of transactions of first-hand private residential properties to safeguard consumer rights.

4. The Government pays full regard to the diverse housing needs of the public. The Government will continue to ensure a steady supply of land for the residential property market to tackle the issue at source. Home ownership is a matter of personal choice having regard to individual circumstances and affordability. The Government is careful that any type of assistance provided should not erode the ‘can-do’ spirit of Hong Kong people, as this is the key to Hong Kong’s success and at the core of Hong Kong’s values. Hence, instead of returning to the old system of more direct involvement to the property market, the Government will facilitate the provision of different housing options for different sectors of the community, including working with the Hong Kong Housing Society

(HKHS) to implement a new form of assisted home ownership premised on the concept of 'rent-and-buy'. This new scheme is called My Home Purchase Plan (MHPP). The Government has already earmarked sites in Tsing Yi, Diamond Hill, Sha Tin, Tai Po, Tuen Mun and other areas aiming for a total of some 5 000 flats to be built under MHPP. The first project will provide about 1 000 flats in Tsing Yi by 2014. Applications for pre-letting are planned to take place in end 2012. If the response to MHPP is good, the Government will consider identifying more sites for the purpose.

5. Beyond this, there are at present more than 320 000 Home Ownership Scheme (HOS) flats, among which about 65 000 flats have their premium paid and can be put up for sale in the open market; the remaining 255 000 or so flats are still pending premium payment but can be sold in the HOS Secondary Market. These may also be sold in the open market upon payment of premium. As 70% of the HOS flats are located in urban and extended urban areas, promoting their turnover will also help enhance the supply of small to medium-sized flats in the low-end property market and meet the home ownership needs of some people. Measures have been introduced to revitalize the HOS Secondary Market. These include the Premium Loan Guarantee Scheme launched by the Hong Kong Mortgage Corporation Limited, which allows HOS owners to pay the premium by instalments; and extending the mortgage default guarantee period of HOS flats in the HOS Secondary Market by the Housing Authority (HA) from 25 to 30 years.

6. The MHPP, together with measures introduced to enhance the transparency and fairness of first-hand sales in the private sector, and the revitalization measures for the SMS of the HOS, will increase the range of different types of accommodation available to meet the different housing needs of the community in a sustainable manner. The overall picture is that the Government will provide a cascade of housing options to people with varying affordability. At the first level are PRH flats for low-income families who cannot afford private rental accommodation. Above this are second-hand HOS flats for sale without paying premium to Green Form (GF) applicants in the HOS Secondary Market. Beyond that are low-end private flats (including HOS flats for sale in the open market) aimed at the mass market, and flats under the MHPP. In the private market there will continue to be flats in both the secondary and primary markets available at a wide range of market prices to meet the diversified needs of those who can afford them.

Land Supply

7. To ensure an adequate supply of land, the Government will continue to maintain the Application List (AL) system as the main axle to be supplemented by government-initiated land sale arrangements. Since the Financial Secretary (FS)

announced that the Government would put up specific sites on the AL for sale by auction or tender, three sites have been sold through Government-initiated auction. Together with the seven sites successfully triggered by developers and auctioned, a total of ten sites have been sold so far this financial year which may provide some 5 000 residential flats.

8. The Government will continue to review existing land uses and explore new land resources. For example, the Government has completed a review of industrial land in the territory and proposed to rezone about 30 hectares of it for residential use. The Government has also lowered the threshold for compulsory sale of land for redevelopment to facilitate the redevelopment of more old buildings. In the medium to longer term, the development of the Kai Tak Development Area and new development areas in the northern New Territories will provide more land to meet housing needs.

9. The Government will also commence planning studies shortly in respect of quarry sites at Anderson Road and Lamma Island to see if they can provide land for residential use. The Government will also work towards commencing as soon as possible the feasibility study for the proposed remaining development of Tung Chung, upon finalization of the detailed planning for the infrastructure projects related to the Hong Kong-Zhuhai-Macao Bridge.

10. Furthermore, the Government will discuss with the Mass Transit Railway Corporation Limited and the Urban Renewal Authority the provision of more small and medium flats in their residential developments along the West Rail (WR) and urban renewal projects respectively. As to whether the property development projects along the WR will meet the new requirements of Quality and Sustainable Built Environment, the Government is aware of the views of the public and Members of the Legislative Council and will follow up on the issue.

11. The Government maintains high transparency on information about land supply (e.g. the AL system). The Government will continue to disseminate information on housing land supply through the existing channels.

Supply of Public and Private Housing

12. The Government's current subsidized housing policy is to provide PRH for low-income families who cannot afford private rental accommodation. The Government and the HA aim to maintain the average waiting time for PRH at around three years for general applicants to meet the housing need of low-income families. According to the current five-year rolling Public Housing Construction Programme of the HA, the anticipated new PRH production during the five-year period starting from 2010/11 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 average waiting time for PRH at around three years.

13. To ensure an adequate and steady supply of land for PRH development, the HA will 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 HA will consider all viable sites, regardless of their sizes, for PRH development under the principle of optimal utilization of land resources to maintain cost-effective and sustainable development, in order to provide adequate PRH units to cater for the demand.

14. To ensure the healthy and stable development of the property market, the Chief Executive announced in the 2010/11 Policy Address the target of making available land for the construction of an annual average of about 20 000 private residential units and about 15 000 PRH units in the next ten years. To achieve this objective, the Steering Committee on Housing Land Supply chaired by the FS has started work to co-ordinate the efforts of the departments concerned to ensure that issues relating to housing land will be dealt with as a matter of priority to guarantee a stable and adequate supply of land for PRH as well as private residential flats.

Relaunch of Tenants Purchase Scheme

15. The Tenants Purchase Scheme (TPS) introduced in early 1998 aimed to help achieve the then policy objective of reaching a home ownership rate of 70% in ten years' time as set out in the 1997 Policy Address. Following the Government's comprehensive review of the housing policy in 2002, the target no longer exists. As such, there is no justification for relaunching the TPS. In fact, estate management issues have become complicated upon the implementation of the scheme. Moreover, PRH flats recovered are an important source of public housing supply. Offering PRH flats for sale to sitting tenants will affect the supply of PRH flats and the target of maintaining the average waiting time for PRH at around three years as set by the Government and the HA. The Government therefore has no plan to relaunch the TPS at this stage.

16. The TPS covers 39 estates with more than 60 000 unsold flats. Tenants residing in these flats can still opt to purchase them, while PRH tenants and the public can purchase second-hand TPS flats in the HOS Secondary Market or private market depending on whether the relevant premium has been paid or not.

Provision of Assistance to Eligible White Form Applicants in Acquiring Their Homes

17. PRH tenants and GF certificate holders are allowed to participate in the HOS Secondary Market. This is to provide an avenue for sitting PRH tenants and GF applicants to attain home ownership and at the same time vacate more PRH units for allocation to persons and families in genuine need. Allowing White Form applicants to purchase HOS flats in the HOS Secondary Market involves the use of public money to subsidize home ownership. Issues such as fairness and whether the supply of and the demand for HOS flats can be effectively matched need to be very carefully considered.

Regulation of the Sale of First-hand Residential Properties by Legislation

18. To further strengthen the regulation of the sale of first-hand private residential properties, the Transport and Housing Bureau has established the Steering Committee on the Regulation of the Sale of First-hand Residential Properties by Legislation (the Steering Committee) to discuss specific issues pertaining to the regulation of the sale of first-hand properties by legislation. The Steering Committee commenced work in November 2010 and will complete its task in October 2011, at which time it is expected to come up with practicable recommendations for consideration by the Secretary for Transport and Housing. The Transport and Housing Bureau's target is to take forward the subsequent public consultation on the recommendations in the form of a White Bill in order to expedite the consultation process.

**Transport and Housing Bureau
January 2011**

(Translation)

**Motion on
“Helping needy persons acquire their homes”
moved by the Hon LEE Wing-tat
at the Legislative Council meeting
of Wednesday, 10 November 2010**

**Motion as amended by the Hon Frederick FUNG Kin-kee, the Hon
CHAN Kam-lam and the Hon Ronny TONG Ka-wah**

That the housing problem has been plaguing the development of Hong Kong society for years, and after the Chief Executive has put forward the My Home Purchase Plan in the Policy Address, private residential property prices still continue to rise, reflecting that the Plan is unable to meet society’s demand for subsidized home ownership, let alone solve the housing problem of Hong Kong in the long run; in this connection, this Council urges the Government to expeditiously increase the supply of land and public and private housing, resume the Home Ownership Scheme (‘HOS’), re-launch the Sale of Flats to Sitting Tenants Scheme, re-examine the practice of allowing eligible white form applicants to purchase HOS flats without premium paid in the secondary market for HOS flats, with a view to helping needy persons acquire their homes, and formulate a stable and sustainable long-term housing policy to satisfy the public’s genuine housing need, and to build an environment in Hong Kong where people can live and work in contentment; this Council also urges the Government to expedite the development of new towns and the tendering exercises for the above-station property development projects along the West Rail on the premise of adhering to the cap of total floor area concession put forward in the Policy Address and avoiding any wall effect and heat island effect in design; at the same time, the Government should expeditiously legislate for the regulation of the sale of first-hand private residential properties and increase the transparency of the sale of such flats, so that needy persons can acquire their homes in a fairer environment; this Council also urges the Government to increase the transparency of the regular supply of land, study how to avoid over-relying on real estate developers as the sole housing suppliers, and allow eligible white form applicants to purchase affordable homes in the markets of Sandwich Class Housing Scheme.