

Legislative Council Panel on Housing

My Home Purchase Plan

Purpose

This paper briefs Members on the progress of My Home Purchase Plan (MHPP).

Background

2. The Government announced in October 2010 that it would in collaboration with the Hong Kong Housing Society (HKHS) to 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.

3. 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.

4. MHPP has the merits of subsidized and private housing. First of all, MHPP is flexible and enables those who have home purchase plans and the ability to pay mortgages in the long run but do not have sufficient savings for down payment to rent a MHPP flat first, so that they can have their own home earlier and continue to plan for flat purchase in accordance with their ability and schedule. The tenancy period will be up to a maximum of five years, within which the rent will not be adjusted. This helps MHPP tenants to save up for down payment. If they purchase a MHPP flat or a flat in the private market within two years after the termination of tenancy, they will receive a Purchase Subsidy equivalent to half of the net rental they have paid during the tenancy

period. Given that MHPP flats will be sold at the prevailing market price which will reflect the “no-frills” nature and the age of the flats, they will not have the premium payment requirement of traditional Home Ownership Scheme (HOS) flats. This will facilitate MHPP owners to trade up for flats in future and achieve upward mobility in the property market. Moreover, the majority of the quota will be allocated to White Form applicants, and a considerable number 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.

5. The Government has already earmarked sites in Tsing Yi, Shatin, Diamond Hill, Tai Po, Tuen Mun and other areas aiming for a total of some 5 000 flats to be built under MHPP.

Progress of the MHPP projects

6. 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 this project. HKHS has reached preliminary agreements 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.

7. 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.

8. As regards the other MHPP projects, we will expedite the preparatory work as far as possible for early implementation.

9. We noted the views from Members and the public on further enhancing MHPP. We will continue to listen to their views carefully, and will explore whether there will be room for enhancing MHPP to make it even better.

Stable and healthy development of the residential property market

10. MHPP is neither a measure to curb speculation nor a tool to adjust the property market. It is a measure to provide relief to people on flat purchase. Any form of subsidized home ownership scheme will only serve as a buffer. We need to address the housing issue in a macro and holistic approach. The current property market situation is very unusual. The Government has been responding to the situation through the introduction of long, medium and short-term measures in four areas to ensure the healthy and stable development of the property market, including increasing land supply to tackle the problem at source, combating speculative activities, enhancing the transparency of property transactions, and preventing excessive expansion in mortgage lending. The Government will continue to closely monitor the market, and will take appropriate measures as and when necessary to ensure the healthy and stable development of the property market.

11. In the long term, the Government will increase the supply of land in response to market need, with a view to tackling the problem at source. The Government has set the target of making available land for an average of some 20 000 private residential flats per annum in the next 10 years. It is estimated that the housing land available for private residential development in 2011/12 may generate about 35 000 units.

12. Overall, the Government will provide people that have different levels of affordability with various housing options. The first level is PRH for low-income families who cannot afford private rental accommodation; this is the cornerstone of our housing policy. Above PRH is the second-hand HOS flats in the HOS Secondary Market where HOS owners may sell their flats to Green Form certificate holders without paying premium. 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, of course there are 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
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