

**Speech by the Secretary for Transport and Housing
at the Legislative Council
Special Finance Committee Meeting (Housing)
on 6 March 2012**

Madam Chairman,

I would like to brief Members on the Government's major initiatives on housing in the new financial year.

Waiting List and Supply of Public Rental Housing

2. On public housing, the Government's policy is to provide public rental housing (PRH) for low-income families who cannot afford private rental accommodation. The Government will continue to honor the long term commitment of supplying PRH, with an objective of maintaining the average waiting time (AWT) for general Waiting List (WL) applicants at around three years.

3. According to the latest Public Housing Construction Programme (PHCP) of the Hong Kong Housing Authority (HA), in the coming five-year period from 2011-12 to 2015-16, the HA will build about 75 000 flats in total, i.e. an average of about 15 000 PRH flats per year. However, the production of 15 000 PRH units per year is not a fixed target. We will continue to closely monitor the changes in the number of WL applications and roll forward the PHCP on a yearly basis in the light of demand for public housing. If necessary, the HA may adjust the production level and increase supply, in order to maintain the target average waiting time of around three years for general WL applicants.

4. We will continue to liaise closely with the relevant bureaux and Government departments to identify suitable land for public housing development in different parts of the territory, and to facilitate the HA to optimize the development potential of sites and increase public housing supply, through relaxing plot ratio and building height restrictions without compromising the living environment.

To pay rents for PRH tenants for two months

5. We are fully aware of the impact of inflation and rising prices on people's livelihood. To help ease pressure, the Financial Secretary proposed to pay rents for PRH tenants for two months. The Transport and Housing Bureau will shortly seek approval from the Finance Committee (FC) of the Legislative Council for the funding required. Subject to the approval of the FC, the HA and the Hong Kong Housing Society (HKHS) will make the necessary arrangements. It is expected that the rent payment proposal can be implemented after mid-2012.

The New Home Ownership Scheme

6. In response to the aspirations of low and middle-income families to buy their own homes under the current market condition, the Chief Executive has put forward a new policy for the resumption of the Home Ownership Scheme (HOS) in the Policy Address last year. The scheme will be targeted at families with a monthly household income under \$30,000, mainly first-time home buyers. The prices of the flats under new HOS will also be set with reference to the mortgage repayment ability of eligible households. With the sites identified at this stage, the plan is to provide more than 17 000 flats over four years from 2016-17 onwards, with an annual production of between 2 500 and 6 500 flats. For the first year, 2 500 flats can be made available. The first batch is expected to be ready for pre-sale in 2014 or 2015.

7. The HA is proactively conducting the relevant preparatory work on the new HOS, including the preliminary planning and investigations, etc. Six sites in Sha Tin, Tsuen Wan, Kwai Tsing and Yuen Long have been initially identified for the first batch of developments under the new HOS. The respective District Councils will be consulted shortly. The HA's relevant Committees have also begun discussions regarding the implementation details of the new HOS.

My Home Purchase Plan (MHPP)

8. Other than the new HOS, the MHPP introduced by the Government in collaboration with the HKHS and as announced in the 2010/11 Policy Address in October 2010, which is premised on the concept of "rent-and-buy", is another choice on the housing ladder. The objective is to help households which have the long-term ability to purchase a flat but do not have enough savings for the down payment to rent a MHPP flat first at the then prevailing market rental and save up for their future home purchase plan. After considering the comments from the community, we have introduced enhancement measures that allow greater flexibility for applicants on their timeframe for purchasing MHPP flats, and have set the initial selling price of a MHPP flat as the "ceiling price". The enhanced MHPP will ensure that participants would not have their home ownership plan disrupted when property prices soar, and enable them to set more specific saving targets.

9. The first two MHPP projects will be at Tsing Luk Street of Tsing Yi and Sha Tin Area 36C respectively. We are discussing with HKHS on the implementation details of these projects, including the enhancement measures mentioned above. The Tsing Yi project will provide about 1 000 small and medium sized flats and is expected to be completed in 2014. Application for pre-letting will begin in the fourth quarter of 2012. The Sha Tin Area 36C project near Siu Lik Yuen is estimated to produce about 700 small and medium sized flats. The exact number of flats to be built has to be worked out after further study. We will continue to work closely with HKHS to implement the Sha Tin project as early as possible.

10. Apart from the above two projects, the Government has earmarked sites and started preparatory work for the other MHPP projects. We will announce the details of individual projects when the preparatory work is completed.

Private residential property market and Special Stamp Duty (SSD)

11. The Government has been monitoring developments in the private residential property market closely and remains vigilant on the risks of a property bubble. Since 2010, the Government has been responding to the situation through the introduction of long, medium and short-term measures in four areas, including increasing land supply, combating speculative activities, enhancing the transparency of property transactions, and preventing excessive expansion in mortgage lending, with a view to ensuring the healthy and stable development of the property market.

12. As mentioned by the Financial Secretary in his Budget Speech, the relevant measures have achieved results. The SSD implemented in November 2010 has been clearly effective in curbing short-term speculative activities. On average, there were 74 subsale cases (i.e. confirmor cases) per month in 2011, representing a drop of about 77% as compared to the monthly average of 321 cases in the 12 months before the introduction of SSD.

13. The Government will continue to implement effective strategies to ensure the property market is healthy and stable.

Regulating the Sale of First-hand Residential Properties by Legislation

14. To further enhance the transparency and fairness of the sales arrangements and transactions of first-hand residential properties, the Chief Executive announced in the 2010-11 Policy Address that a Steering Committee would be set up to discuss specific issues on regulating the sale of first-hand flats by legislation. The Steering Committee on the Regulation of the Sale of First-hand Residential Properties by Legislation (the Steering Committee) was set up in October 2010. It completed its work and submitted practicable recommendations on how to regulate the sales of first-hand residential properties to me in October 2011. Having considered and primarily based on the recommendations made by the Steering Committee, we prepared the proposed legislation and conducted a public consultation exercise from 29 November 2011 to 28 January 2012. 959 submissions were received during the public consultation period. We are finalizing the Bill, taking into account the views received during the public consultation exercise. I have to stress that this is our top priority and our objective is to introduce the Bill into the Legislative Council within this month. We will make every effort to complete the legislative work within this legislative year and will strive to seek Members' full cooperation with the legislative work.

Conclusion

15. My colleagues and I will be pleased to answer questions from Members.
Thank you Madam Chairman.

Transport and Housing Bureau
March 2012