

**立法會**  
**Legislative Council**

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**Panel on Housing**

**Meeting on 4 January 2012**

**Updated background brief on My Home Purchase Plan  
prepared by the Legislative Council Secretariat  
(Position as at 23 December 2011)**

**Purpose**

This paper sets out the background to the introduction of the "My Home Purchase Plan" (MHPP), and gives an account of the views expressed by Members on the subject.

**Background**

2. The recent increase in property prices has aroused public concern over the availability of mass market flats at affordable prices, and the overall supply of land for flat production in the long term. To gauge the views of the stakeholders and members of the public, the Transport and Housing Bureau (THB) conducted a public consultation exercise on the issue of subsidizing home ownership from May to September 2010, with a view to identifying a way forward to address the concerns of the community.

3. The outcome of the public consultation revealed that many people are concerned about the recent rise in property prices and the difficulties in purchasing their first flat. In the light of the latest situation, the Administration considers that targeted measures should be introduced to help the sandwich class purchase their own flats. However, any form of subsidized home ownership will only serve as a buffer, given that delivering the overarching objective of providing subsidized rental housing for families in need remains the very heart of the Administration's housing strategy.

## **My Home Purchase Plan**

4. The Chief Executive (CE) announced in his 2010-2011 Policy Address that the Administration would collaborate with the Hong Kong Housing Society (HS) to introduce the new MHPP which was premised on the concept of "rent-and-buy". MHPP will target at households which have home purchase plans and the ability to pay mortgages in the long run, but cannot immediately afford the down payment in the face of short-term property price fluctuations.

5. Under MHPP, the Administration will provide land for HS 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. Within a specified time frame, i.e. two years after the first admission of tenants and within two years after the termination of tenancy, tenants of MHPP may purchase the flat they rent or another flat under MHPP at prevailing market price, or a flat in the private market. They 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. Tenants who have not purchased a flat under MHPP or in the private market within the prescribed period will not receive any Purchase Subsidy.

6. According to the Administration, MHPP is flexible to enable sandwich class people who do not have sufficient savings for down payment to rent a MHPP flat first, and save for the down payment as the rent will not be adjusted throughout the maximum five-year tenancy period. The majority of the quota will be allocated to White Form applicants, while a considerable number of the quota will be allocated to public rental housing (PRH) tenants. Unlike the Home Ownership Scheme (HOS), MHPP will be sold at market price at the point of sale and will not have the premium payment requirement. This will facilitate owners to trade up for flats in future and achieve upward mobility in the property market. As land for MHPP will not come from the Application List or sites earmarked for PRH, it will not reduce the supply of private residential land or land for PRH.

7. The Administration has earmarked sites in Tsing Yi, Diamond Hill, Sha Tin, Tai Po, Tuen Mun and other areas to provide some 5 000 MHPP flats. The MHPP first project will provide about 1 000 flats at Tsing Luk Street in Tsing Yi by 2014 while pre-letting will take place in 2012. The second MHPP project will be at Sha Tin Area 36C (near Siu Lik Yuen) to provide some 700 small and medium flats. Subject to the response to the first MHPP project, the Administration will consider identifying more sites for the purpose.

8. The details and progress of MHPP were discussed at the meetings of the Panel on Housing (the Panel) on 22 October and 1 November 2010 as well as 4 July 2011. Some members pointed out that the existing housing strategy of providing subsidized rental housing for families in need was at variance with the Long Term Housing Strategy published in 1986 and 1998 which advocated home ownership. While MHPP could provide an additional choice for the sandwich class, members stressed that this could not replace HOS which was more desirable according to the surveys conducted by various political parties. Besides, the provision of 1 000 MHPP flats by 2014 could by no means meet the housing demand. Instead of size-restricted flats, the Administration should consider providing price-restricted flats to ensure the supply of more affordable flats. Some members suggested building HOS and MHPP in parallel and if not, consideration should be given to using MHPP sites for HOS production.

9. Apart from the criteria to determine the rents and prices of MHPP flats to reflect the "no-frills" nature of these flats, members had raised concern about the uncertainties arising from the sale of MHPP flats at prevailing market prices at the time of purchase. Without a fixed price, applicants could not ascertain their affordability for the flats. There was a need to fix the prices for MHPP flats at the beginning of tenancy for tenants intending to buy the flats, so that they could be certain of their affordability for the flats. The Administration should also consider allowing eligible MHPP applicants who could afford the down payment to purchase the flats at time of in-take. Given the similar nature of the rent-and-buy arrangement under MHPP and the Tenants Purchase Scheme (TPS), some members questioned the rationale for shelving TPS in the first place. These members also supported that more PRH flats should be provided to meet the housing demand of those who only wanted a place to live and had no plans to buy their own homes. The Panel passed a motion on 1 November 2010 requesting the Administration to provide at least 35 000 PRH units each year, and immediately resume HOS.

### **Recent developments**

10. Taking into account the concerns of Members and the public that tenants intending to buy MHPP flats under the "rent-and-buy" arrangement might find their plans upset by soaring property prices, CE announced in his 2011-2012 Policy Address that MHPP would be enhanced to include a "buy-or-rent" option in addition to the proposed "buy-and-rent" mode to allow participants to buy their MHPP flats direct at market price without going through a rental period. Moreover, the initial market selling price will serve as the ceiling price of that flat. A participant choosing the "rent-and-buy" option will be guaranteed to purchase the flat at the "ceiling price" if he purchases a flat within two years after the termination of tenancy. This will protect participants from soaring

property prices which may disrupt their plan for home ownership, and enable them to set more specific saving targets. When the prevailing market price is lower than the "ceiling price", they can buy MHPP flats at the prevailing market price.

11. The proposal to enhance MHPP was discussed at the meeting of the Panel on 18 October 2011. Some members welcomed the inclusion of the "buy-or-rent" option. However, some other members failed to see the merits of MHPP, which in their views was complicated (involving the setting of selling prices, rents, tenancies, subsidies for down payment etc.) and less cost-effective given the limited provision of about 5 000 flats for households with income between \$30,000 and \$40,000. These members considered that the provision of PRH for eligible households with income less than \$15,000, and HOS for those with income ranging between \$15,000 and \$30,000 were adequate. Instead of introducing MHPP, consideration should be given to relaxing the income limits for HOS.

### **Council questions**

12. Hon LEE Wing-tat raised a question on MHPP at the Council meeting on 9 March 2011. Hon CHEUNG Hok-ming moved a motion on enhancement of MHPP for debate at the Council meeting on 4 May 2011. The motion as amended by Hon Frederick FUNG, Hon LEE Wing-tat, Hon WONG Kwok-hing and Hon Paul CHAN was carried.

### **Latest position**

13. The Panel will discuss the progress of MHPP at its meeting on 4 January 2012.

### **Relevant papers**

14. A list of relevant papers is in the **Appendix**.

My Home Purchase Plan

List of relevant papers

Council/ Committee	Date of meeting	Paper
Housing Panel	22 October 2010	<p>Information paper on "Housing-related Initiatives in the 2010-11 Policy Agenda" provided by the Administration (LC Paper No. CB(1) 42/10-11(01))  <a href="http://www.legco.gov.hk/yr10-11/english/panels/hg/papers/hg1022cb1-42-1-e.pdf">http://www.legco.gov.hk/yr10-11/english/panels/hg/papers/hg1022cb1-42-1-e.pdf</a></p> <p>Minutes of special meeting (LC Paper No. CB(1) 605/10-11)  <a href="http://www.legco.gov.hk/yr10-11/english/panels/hg/minutes/hg20101022.pdf">http://www.legco.gov.hk/yr10-11/english/panels/hg/minutes/hg20101022.pdf</a></p>
Housing Panel	1 November 2010	<p>Information paper on "My Home Purchase Plan" provided by the Administration (LC Paper No. CB(1) 258/10-11(01))  <a href="http://www.legco.gov.hk/yr10-11/english/panels/hg/papers/hg1101cb1-258-1-e.pdf">http://www.legco.gov.hk/yr10-11/english/panels/hg/papers/hg1101cb1-258-1-e.pdf</a></p> <p>Minutes of meeting (LC Paper No. CB(1) 890/10-11)  <a href="http://www.legco.gov.hk/yr10-11/english/panels/hg/minutes/hg20101101.pdf">http://www.legco.gov.hk/yr10-11/english/panels/hg/minutes/hg20101101.pdf</a></p>
Housing Panel	4 July 2011	<p>Information paper on "My Home Purchase Plan" provided by the Administration (LC Paper No. CB(1) 2594/10-11(06))  <a href="http://www.legco.gov.hk/yr10-11/english/panels/hg/papers/hg0704cb1-2594-6-e.pdf">http://www.legco.gov.hk/yr10-11/english/panels/hg/papers/hg0704cb1-2594-6-e.pdf</a></p> <p>Minutes of meeting (LC Paper No. CB(1) 206/11-12)  <a href="http://www.legco.gov.hk/yr10-11/english/panels/hg/minutes/hg20110704.pdf">http://www.legco.gov.hk/yr10-11/english/panels/hg/minutes/hg20110704.pdf</a></p> <p>Paper on My Home Purchase Plan prepared by the Legislative Council Secretariat (Background brief) (LC Paper No. CB(1) 2594/10-11(07))  <a href="http://www.legco.gov.hk/yr10-11/english/panels/hg/papers/hg0704cb1-2594-7-e.pdf">http://www.legco.gov.hk/yr10-11/english/panels/hg/papers/hg0704cb1-2594-7-e.pdf</a></p>

<b>Council/ Committee</b>	<b>Date of meeting</b>	<b>Paper</b>
Housing Panel	18 October 2011	Information paper on "Housing-related Initiatives in the 2011-12 Policy Agenda" provided by the Administration (LC Paper No. CB(1) 40/11-12(01)) <a href="http://www.legco.gov.hk/yr11-12/english/panels/hg/papers/hg1018cb1-40-1-e.pdf">http://www.legco.gov.hk/yr11-12/english/panels/hg/papers/hg1018cb1-40-1-e.pdf</a>  Minutes of special meeting (LC Paper No. CB(1) 458/11-12) <a href="http://www.legco.gov.hk/yr11-12/english/panels/hg/minutes/hg20111018.pdf">http://www.legco.gov.hk/yr11-12/english/panels/hg/minutes/hg20111018.pdf</a>

Hyperlinks to relevant Council Questions:

<b>Date</b>	<b>Council Questions</b>
9 March 2011	Council question raised by Hon LEE Wing-tat <a href="http://www.info.gov.hk/gia/general/201103/09/P201103090119.htm">http://www.info.gov.hk/gia/general/201103/09/P201103090119.htm</a>

Hyperlinks to relevant Motions:

<b>Date</b>	<b>Motions</b>
4 May 2011	Motion moved by Hon CHEUNG Hok-ming as amended by Hon Frederick FUNG, Hon LEE Wing-tat, Hon WONG Kwok-hing and Hon Paul CHAN <a href="http://lcsflcbsvr1/cgi-bin/foxweb.dll/query@lbs/query?DB=motion&amp;sdate=04/05/2011&amp;motioncode=001&amp;LANGUAGE=E&amp;HLIGHT">http://lcsflcbsvr1/cgi-bin/foxweb.dll/query@lbs/query?DB=motion&amp;sdate=04/05/2011&amp;motioncode=001&amp;LANGUAGE=E&amp;HLIGHT</a>