

**Speech by the Secretary for Transport and Housing
at the Legislative Council
Special Finance Committee Meeting (Housing)
on 11 April 2013**

Chairman,

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

(1) Supply of Public Rental Housing

2. Our objective is to provide Public Rental Housing (PRH) to low-income families who cannot afford private rental accommodation. As at end-December last year, there were about 115 300 general applications on the Waiting List (WL) for PRH, and about 106 900 non-elderly one-person applications under the Quota and Points System. Starting from 1 April 2013, the WL income limit is on average 6% higher than that of last year.

3. The Hong Kong Housing Authority (HA) will construct about 79 000 PRH flats in the coming five years. The Government has also decided to increase the supply of PRH and we will adopt a production target of at least 100 000 PRH units in total for the five years starting from 2018. In addition, there is an average of about 7 000 flats recovered every year from surrender of flats by existing tenants as well as through enforcement actions against abuse of PRH resources. Including these recovered flats, there would be an average of some 22 000 flats available for allocation each year over the next five years.

(2) Rent payment for PRH tenants for two months

4. To help ease the burden of the grassroots, the Financial Secretary proposed to pay two months' rent for tenants living in the PRH units of the HA and the Hong Kong Housing Society (HKHS).

(3) New HOS flats

5. The Government has decided to resume the development of Home Ownership Scheme (HOS). We will provide a total of some 17 000 HOS flats over the four years starting from 2016-17 and thereafter will provide an annual average of about 5 000 HOS flats. In end-March, the HA launched the sale of the remaining some 800 surplus HOS flats which were formerly built at a ratio of 60:40 for eligible Green Form and White Form (WF) applicants respectively.

(4) HOS Secondary Market

6. Prior to the completion of the first batch of new HOS flats, the HA has launched an interim scheme to allow 5 000 WF buyers each year to purchase HOS flats with premium not yet paid in the HOS secondary market. The successful applications will be announced by the HA in May 2013.

(5) Subsidised Housing under the HKHS

7. The HKHS has recently introduced Greenview Villa, which provides nearly 1 000 small and medium-sized flats to respond to the home ownership needs of low to medium-income households. The Government has also set aside a site in Sha Tin for the HKHS to develop a similar housing project, which is expected to provide some 700 flats.

(6) Private Property Market

8. As regards the private property market, we would adopt a multi-pronged approach to increase the housing land supply. As mentioned in the Budget speech, it was estimated that 24 000 first-hand residential property could be offered for sale this year¹. As for the next three to four years, the figure would be 67 000². The supply of the first-hand residential property would be the highest since September 2007.

¹ This includes the then 12 000 uncompleted units for which we were speeding up the processing of their pre-sale consent applications, 8 000 uncompleted units ready for pre-sale and 4 000 unsold units in completed projects.

² This includes 4 000 completed but unsold flats, 48 000 flats which are under construction (net of the sold uncompleted flats) and 15 000 flats from disposed sites where construction work is ready to start.

9. As a result of the persistent low-interest rate environment and the influx of capital, the property market is irrationally exuberant and this is contrary to the economic fundamentals. To ensure the healthy and stable development of the property market, the Financial Secretary announced the enhancement to the Special Stamp Duty and the introduction of the Buyer's Stamp Duty in October 2012. The Legislative Council is now scrutinizing the relevant Bill. In response to the market situation, the Financial Secretary announced another round of demand-side management measures in February this year, i.e. to increase the ad valorem stamp duty for residential and non-residential properties, and to advance the charging of ad valorem stamp duty on non-residential property transactions from the conveyance on sale to the agreement for sale. The Financial Services and the Treasury Bureau will submit the relevant Bill next week.

(7) Long Term Housing Strategy

10. The Long Term Housing Strategy Steering Committee is now assessing the housing needs of the community in the medium to long-term, to map out a housing supply strategy, and to ensure the optimal use of the existing land and housing resources. We will release the consultation document in around mid-2013 for public consultation.

(8) Regulating the Sale of First-hand Residential Properties

11. The new Ordinance on the regulation of the first-hand sales of residential properties will commence operation on 29 April 2013. The implementation of the Ordinance will help enhance the transparency and fairness of the sales of residential properties and consumer protection. The Sales of First-hand Residential Properties Authority set up early this month has issued guidelines, practice notes, etc on the Ordinance, while the Sales of First-hand Residential Properties Electronic Platform will be available for public access starting from the end of this month.

Conclusion

12. Chairman, my colleagues and I will be pleased to answer questions from Members.

Transport and Housing Bureau
April 2013