

(English Translation)

Speech by STH at the Legislative Council Panel on Housing meeting

Following is the speech (English translation) by the Secretary for Transport and Housing, Professor Anthony Cheung Bing-leung, at the Panel on Housing meeting of the Legislative Council on 2 February 2015:

Opening Remarks for STH

Chairperson,

I would like to brief the Panel today on the housing-related initiatives set out in the 2015 Policy Address.

The current housing problem in Hong Kong is both complex and serious. With the serious supply-demand imbalance and high property prices and rental level, the Government is determined to increase housing supply, rebuild the housing ladder and play a more active role in housing through the provision of public housing.

We aim at providing 290 000 public housing units in the coming ten years and have been actively identifying suitable sites.

I briefed Members on the newly announced Long Term Housing Strategy at the Panel meeting last month. Under the “supply-led” strategy, apart from increasing the production of public rental housing (PRH) units and subsidised sale flats, the Government will also endeavor to facilitate the circulation of PRH and subsidised sale flats, expand the forms of subsidised home ownership and leverage on other public and private organisations’ capacity to increase the supply of subsidised sale flats.

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We also briefed Members of this Panel on the Hong Kong Housing Authority (HA)'s construction programme and progress in December last year. In respect of PRH, the HA will continue to maintain the target of providing the first flat offer to general applicants (i.e. family and elderly one-person applicants) at around three years on average. In the coming five years (from 2014/15 to 2018/19), we estimate that a total of 77 100 PRH units will be completed, among which 23 300 units are scheduled for completion in 2015/16. The HA will closely monitor the construction programme to ensure timely completion.

Meanwhile, the HA will also continue to implement measures to ensure the rational use of PRH resources. Last week, the Ombudsman commented on the mechanism to review and to monitor the eligibility of existing tenants in public housing. The HA will consider the Ombudsman's comments in relation to the granting of new tenancy, the harmonious family schemes, as well as well-off tenants policy. In terms of operation, I agree that there is room for improvement in some of the cases in order to strike a better balance between reasons and sympathy. As regards the coordination between the HA and the Hong Kong Housing Society (HKHS), the prevailing mechanism already allows the two organisations to exchange the relevant information in a timely manner. In view of the Ombudsman's recommendations, we will study how we can enhance the administrative measures to handle cases with dual tenant status.

We will adopt a multi-pronged approach to increase the supply of subsidised sale flats. In the coming five years, there will be more than 10 000 newly built HOS units by the HA and about 4 700 HOS units will be put up for pre-sale in the coming two years. In addition, the HKHS will put up a total of about 1 600 subsidised sale units for pre-sale in 2016/17. These add up to a total of 6 300 units. Moreover, the HA will review the pre-sale schedule of HOS projects from time to time and put up projects for pre-sale as and when

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appropriate.

To further improve the housing ladder, the Chief Executive proposed in the Policy Address that the HA should identify suitable projects among its PRH developments under construction for sale to “Green Form” (GF) applicants in the form of a pilot scheme, with prices set at a level lower than those of HOS flats. This Green Form Home Ownership Pilot Scheme can enhance the circulation of PRH. On the one hand, it can help GF applicants achieve home ownership in a more affordable way. On the other hand, it will not reduce the supply of PRH as for every PRH flat sold to an applicant, a PRH flat will be released for allocation to those on the waiting list for PRH. The Scheme can therefore achieve dual objectives in one go.

The HA has started to consider the implementation details of this proposal, including eligibility criteria, price setting mechanism, resale restrictions, site selection principle, etc. The HA will take into account views of the community in the process.

In addition to the HA and the HKHS, the Government will actively explore ways to increase the supply of subsidised sale flats through other public or non-profit-making organisations such as the Urban Renewal Authority and the Hong Kong Settlers Housing Corporation Limited (HKSHCL). In addition, taking into account the previous experience, including the Private Sector Participation Scheme and the Mixed Development Pilot Scheme, the Government will actively explore ways to leverage on the private sector’s capacity to supplement the Government’s efforts in increasing the supply of subsidised sale flats.

I understand that the existing tenants of Tai Hang Sai Estate are very concerned about the HKSHCL’s plan to redevelop the Tai Hang Sai Estate. Tai Hang Sai Estate is a rental housing estate constructed and managed by the

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HKSHCL. It is not owned nor managed by the HA; and the redevelopment plan of Tai Hang Sai Estate is not under the HA. I understand that the HKSHCL is still considering viable options, and its objective is to increase the number of flats through redevelopment, while continue to address the housing needs of existing residents of Tai Hang Sai Estate.

Any redevelopment plan cannot ignore the rehousing needs of existing tenants. The HKSHCL will be responsible for such arrangements and existing tenants should not get too worried for the time being. The redevelopment may involve modification of lease provisions of the Lot, payment of premium or amendment of the planning requirements. The Government will consider relevant arrangements and discuss with the HKSHCL when the latter submits a more concrete proposal.

Lastly, on private property market, we note that property prices started to rise again in mid-2014. Under the global context of low interest rates and quantitative easing, had the Government not introduced two rounds of demand-management measures in end 2012 and early 2013 respectively, the property market might have been even more volatile, with the stability of the Hong Kong economy and financial system being compromised.

The Government is concerned about the situation of the property market and will continue to take actions as necessary to help stabilise the property market and prevent the adverse consequences arising from an overheated property market. We will report the outcome of the review of the Buyer's Stamp Duty and the enhanced Special Stamp Duty to the Panel in March this year.

On private housing supply, as at end December 2014, the supply of first-hand private residential flats for the coming three to four years is estimated to be around 74 000 units, a record high since the release of

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quarterly statistics on Private Housing Supply in Primary Market in September 2004. It is projected that the private sector will, on average, produce 14 600 flats each year in the next five years, representing an increase of about 30% compared to the average production in the past five years.

Chairperson, the current-term Government is determined to gradually avert the serious supply-demand imbalance in housing. To resolve the structural problem in housing, we need the support from both the community and the Legislative Council. We call upon all sectors in the society, District Councils and local communities to accord priority to the overall housing needs of the society by maintaining an open attitude towards the identification of sites for housing developments, and support the Government to achieve the long term housing supply target.

Thank you, Chairperson.