

**Secretary for Housing's (Mr. Dominic S. W. Wong, JP) Speaking Note
for Special Meeting of Finance Committee
on Thursday, 23 March 2000**

TEAM

Introduce other members of my team –

Director of Housing	Mr. J. A. Miller
Director of Lands	Mr. R. D. Pope
Director of Planning	Mr. B. C. K. Fung
Deputy Commissioner of Rating & Valuation	Mr. C. S. Wong

HOUSING EXPENDITURE

(A) Total public expenditure (recurrent + capital)

- Total public expenditure on housing in 2000-2001 represents **15.1% of total public expenditure in 2000-01.**

(B) Recurrent public expenditure

Recurrent public expenditure on housing in 2000-01:

- represents **6.1% of total recurrent public expenditure in 2000-01.**

- is **\$12,845 million, a decrease of \$40 million or 0.3%** over 1999-2000 (\$12,885 million).
- comprises **94.7%** for the **Housing Authority**, and **5.3%** for **Government departments**.
- **Government departments**
 - ✧ **Recurrent expenditure** will increase from \$675 million in 1999-2000 to **\$677 million in 2000-01, an increase of \$2 million or of 0.3%**.

(C) **Capital public expenditure**

Capital public expenditure on housing in 2000-01:

- represents **39.1% of total public capital expenditure in 2000-01**.
- is **\$30,550 million, a decrease of \$3,595 million or 10.5% over 1999-2000** (\$34,145 million).
- comprises **87.3%** for the **Housing Authority** and **12.7%** for **Government departments**.
- **Government departments**
 - ✧ Accounts for **12.7%** of total capital public expenditure on housing.

✧ **Capital expenditure** by Government departments will **decrease** from \$4,500 million in 1999-2000 to **\$3,893 million in 2000-01, a decrease of \$607 million or 13.5%** (13.6% in real terms), due mainly to the **reduction of cashflow requirements** in 2000-01 under the **Home Starter Loan Scheme**.

DEVELOPMENTS IN HOUSING POLICY

- Property market
- Land provision for housing
- Means of housing provision
- Waiting time for public rental housing
- Encouraging home ownership

(A) Property market

- Property market remained **generally stable** in 1999.
- **Prices moved within narrow ranges** in 1999. Current prices are about **11% higher** than the trough in October 1998.

- The number of **residential property transactions** in 1999 **(77,000) decreased by 10%**. Transactions in the **primary market constituted 24%** of the total.
- **The current market is largely end-user driven**: about **99.4% of new mortgage loans** approved in 1999 in respect of residential properties were for **owner-occupied units**.
- **Affordability of purchasers to buy flats has reached the highest level within the past 12 years (since 1988)**.
- **Speculative activities** were **insignificant** in 1999.
- We hope to see the property market continue to develop in a **stable manner**.

(B) Land provision for housing

- **Steady and sufficient supply of land** for housing.
- Over the **five year period 2000-01 to 2004-05**, the Government will make available sufficient land for public and private housing development:

- ✧ **Public housing: 168 hectares** capable of producing **137,000 flats**.
- ✧ **Private housing: up to a maximum of 420 hectares** capable of producing **185,000 flats**.
- These figures **do not include**:
 - ✧ Flat production in the public sector from **Housing Authority and Housing Society redevelopment**.
 - ✧ Flat production in the **private sector** from **lease modification, land exchange and redevelopment of unrestricted leases**.
 - ✧ Actual **annual production** of private sector flats in any individual year is **determined by private developers**, on the basis of **commercial considerations**.

(C) **Means of housing provision**

- In October 1999, we decided to embark on a **partial**

shift in the means of providing assisted housing from the conventional "bricks and mortar" approach to the provision of **loan finance**. Details of our new policy initiative were **agreed** by the Housing Authority in **January 2000**.

- ✧ **Subsidised home ownership flat production** will be **reduced** by **4,000, 5,000, 6,000 and 6,000 units** respectively in **each of the four years beginning in 2003-04**. Figures will be reviewed every year and the programme will be **rolled forward annually**.
- ✧ The **Housing Authority will provide additional loans** to replace the reduction in public housing flat production.
- ✧ The **Government will offer additional land for sale** to the private sector :
 - To meet the **additional demand** for private housing.

- To foster **continued stability** of the private sector property market.

(D) Waiting time for public rental housing

- With a **steady supply of land, continued importance attached to public housing development and infrastructure**, and the provision of a **sufficient number of rental units** every year, we remain **on target to reduce the average waiting time for public rental housing to five years in 2001, four years in 2003, and three years in 2005.**

(E) Encouraging home ownership

- **Subsidised home ownership flats for sale**
- **Tenants Purchase Scheme**
- **Buy or Rent Option**
- **Secondary Market Scheme (for HOS and PSPS flats)**
- **Loan and mortgage subsidy schemes to purchase flats**

in the private sector:

- ✧ **Home Purchase Loan Scheme**
- ✧ **Home Starter Loan Scheme**
- ✧ **Mortgage Subsidy Scheme**

CONCLUSION

- My colleagues and I will be happy to answer questions from Members.

Housing Bureau
Government Secretariat
23 March 2000