

An Overview of the Existing Housing Policy

Housing Policy

- The Government's housing policy remains as that set out in the statement on housing policy made in 2002.
 - (1) the thrust of the Government's subsidised housing policy should be to assist low-income families who cannot afford private rental accommodation through the provision of public rental housing (PRH);
 - (2) the Government's role should principally focus on land supply. It should also withdraw as far as possible from other housing assistance programmes other than PRH to minimise intervention in the market; and
 - (3) the Government must maintain a fair and stable operating environment to enable the sustained and healthy development of the private property market. The Government should ensure an adequate supply of land together with the necessary supporting infrastructure to meet market demand.

Housing Policy

- When the Government repositioned the housing policy in 2002, it was considered unnecessary for the Government to continue to hang on to the long term target of achieving a 70% home ownership rate.
- Home ownership should be a matter of personal choice and affordability. This does not mean that the Government disregards the home ownership needs of the public. The Government's role is to target the supply end, so that the residential property market could develop in a steady and healthy manner.

Housing Options

- Various housing options for people with different levels of affordability
 - PRH for low-income families who cannot afford private rental accommodation
 - Second-hand Home Ownership Scheme (HOS) flats in the HOS Secondary Market for Green Form applicants
 - Private sector residential flats at lower prices mainly the secondary market, including HOS flats sold in the open market, as well as in future flats under My Home Purchase Plan (MHPP).
 - Private sector residential flats at various market prices in both primary and secondary markets.

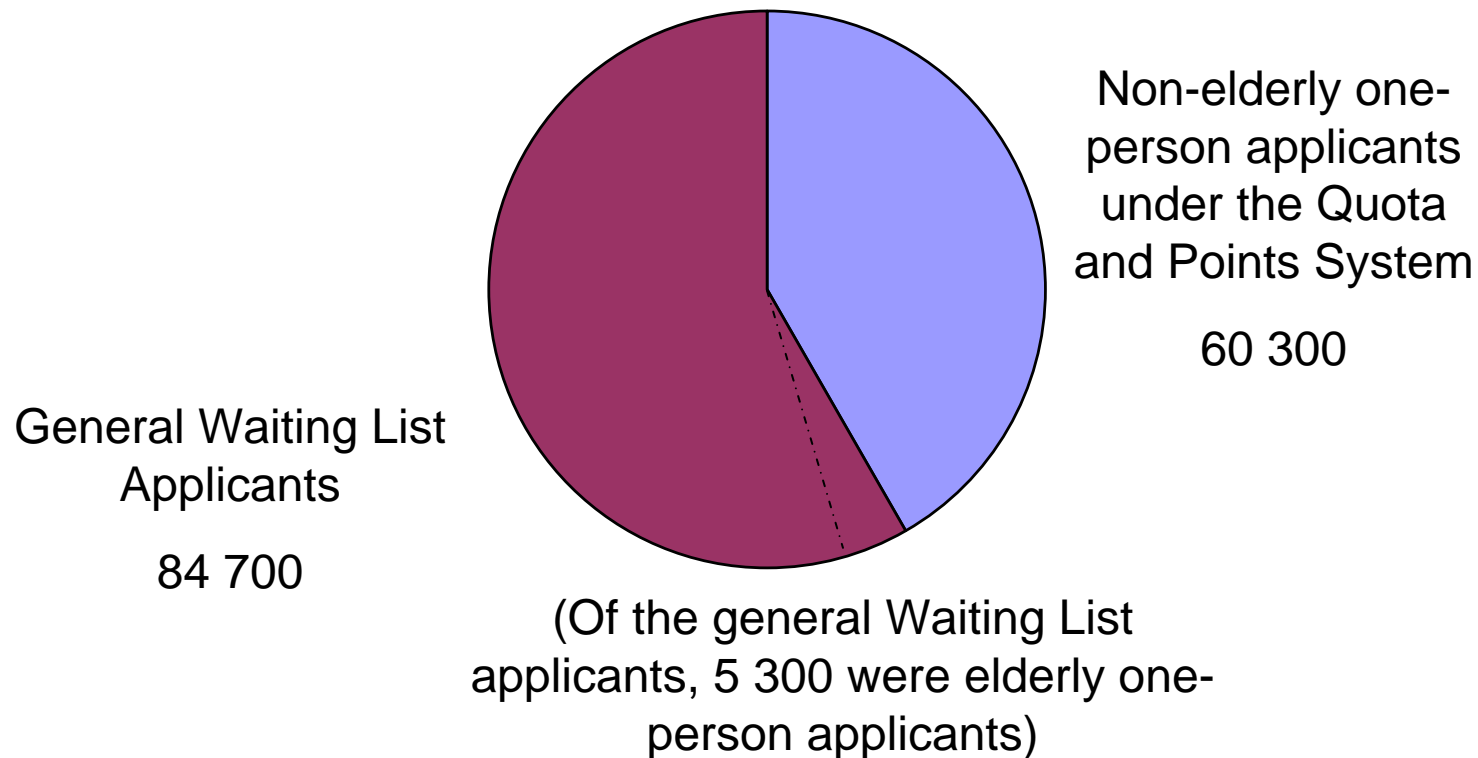
Public Housing

Public Housing Policy

- To provide PRH flats to low-income families who cannot afford private rental accommodation
- To maintain the target of average waiting time for general PRH applicants at around three years

Demand for PRH - Waiting List

- As at December 2010, there were about 145 000 applicants on the Waiting List. Among them, about 60 300 were non-elderly one-person applicants under the Quota and Points System and about 84 700 were general Waiting List applicants. Among the general Waiting List applicants, about 5 300 were elderly one-person applicants.



Eligible Households

- Under the Waiting List income limits for 2011/12, it is estimated that about 131 100 non-owner-occupied households in the private sector would be eligible for PRH, representing an increase of about 25 400 households when compared with 2010/11

Household Size	Non-owner occupied households in the private sector with income equal to or lower than the WL income limits for 2011/12 (as at 4Q 2010)	Percentage of the total
1-person	43 400	33%
2-person	36 300	28%
3-person	25 400	19%
4-person	18 500	14%
5-person	5 700	4%
6-person or above	1 800	1%
Total	131 100	100%

Figures may not add up to total due to rounding.

Supply of PRH

- We will keep in view the demand situation, and roll forward and suitably adjust the Public Housing Construction Programme to maintain the target AWT at about three years
- Total forecast production in 2011/12 to 2015/16 is about 75 000 flats, averaging at about 15 000 flats per year

Supply of PRH

- Detailed breakdown of new production from 2011/12 to 2013/14 :

Year	District	Estimated New Production
2011/12	Urban	11,200
	<i>Sub-total</i>	<i>11,200</i>
2012/13	Urban	12,000
	Extended Urban	2,800
	New Territories	1,000
	<i>Sub-total</i>	<i>15,800</i>
2013/14	Urban	7,900
	Extended Urban	7,500
	<i>Sub-total</i>	<i>15,400</i>

Public Housing Construction

- Liaise closely with relevant bureaux and departments to identify suitable sites
- Consider all sites for PRH development under the principles of optimal utilization of land resources, cost-effectiveness and sustainable development
- Retain as far as possible cleared public housing sites

MHPP

- In the face of short-term market fluctuations, the Government considers it appropriate to provide relief measures to potential home buyers who will be able to afford the purchase of property in the long term to give them time to save up to realize their home purchase plan
- The Government will introduce MHPP in collaboration with the Hong Kong Housing Society

MHPP

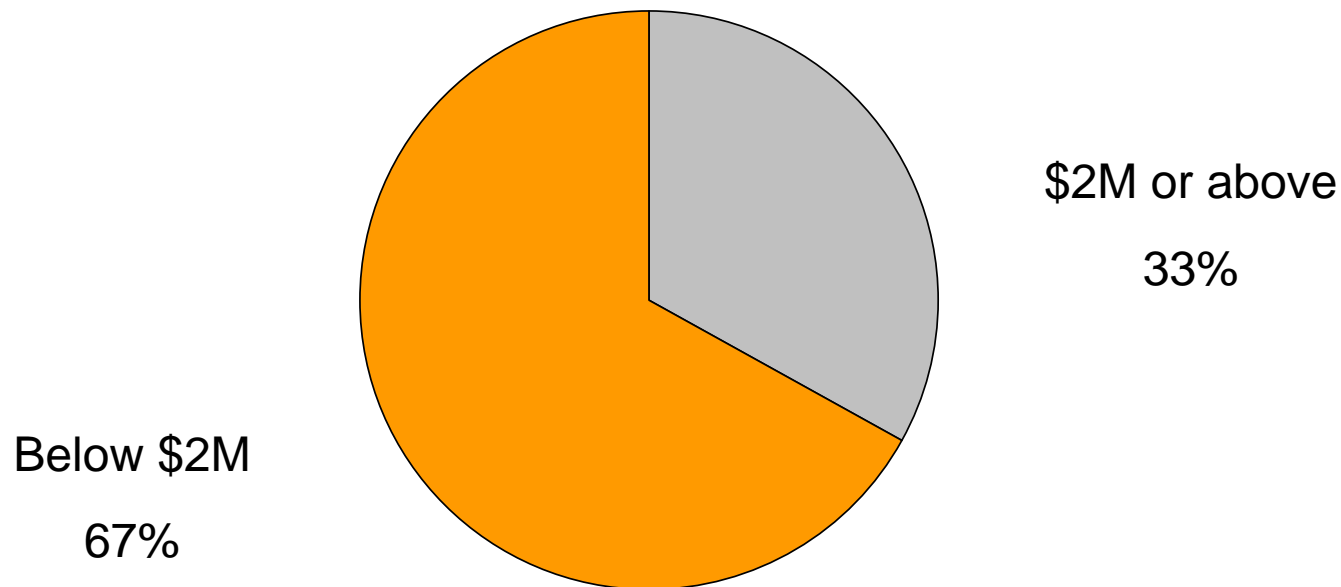
- Sites in Tsing Yi, Sha Tin, Diamond Hill, Tai Po, Tuen Mun and other areas have been earmarked to provide about 5 000 flats
- Tsing Luk Street
 - 1 000 small and medium-sized “no-frills” units
 - pre-letting in 2012
 - to be completed in 2014
- Sha Tin Area 36C
 - 700 small and medium-sized “no-frills” units

HOS Secondary Market

- Facilitating the turnover of HOS units can help increase the supply of small and medium sized residential units
- To revitalize the HOS Secondary Market, the following measures are implemented
 - extension of mortgage default guarantee period to 30 years
 - streamlining the administrative arrangement and enhancing publicity
 - implementing the Premium Loan Guarantee Scheme by the Hong Kong Mortgage Corporation
- These measures have been in place for a relatively short period of time. We will continue to closely monitor their implementation

HOS Secondary Market

- According to Administrative Record of the Housing Department, from November 2010 to January 2011, around 67% of the transactions in the HOS Secondary Market were valued below \$2 million



Private Housing

Government's Housing Policy on Private Residential Market

- To ensure a fair and stable operating environment to enable the healthy development of the private property market
- To withdraw as far as possible from housing assistance programmes other than PRH to minimize intervention in the market

Healthy and Stable Development of Property Market

- In February, April, August, October and November 2010, the government introduced various measures in four areas to ensure the health and stable development of the property market-
 - Increasing land supply
 - Combating speculative activities
 - Enhancing the transparency of property transactions
 - Preventing excessive expansion in mortgage lending

Land Supply

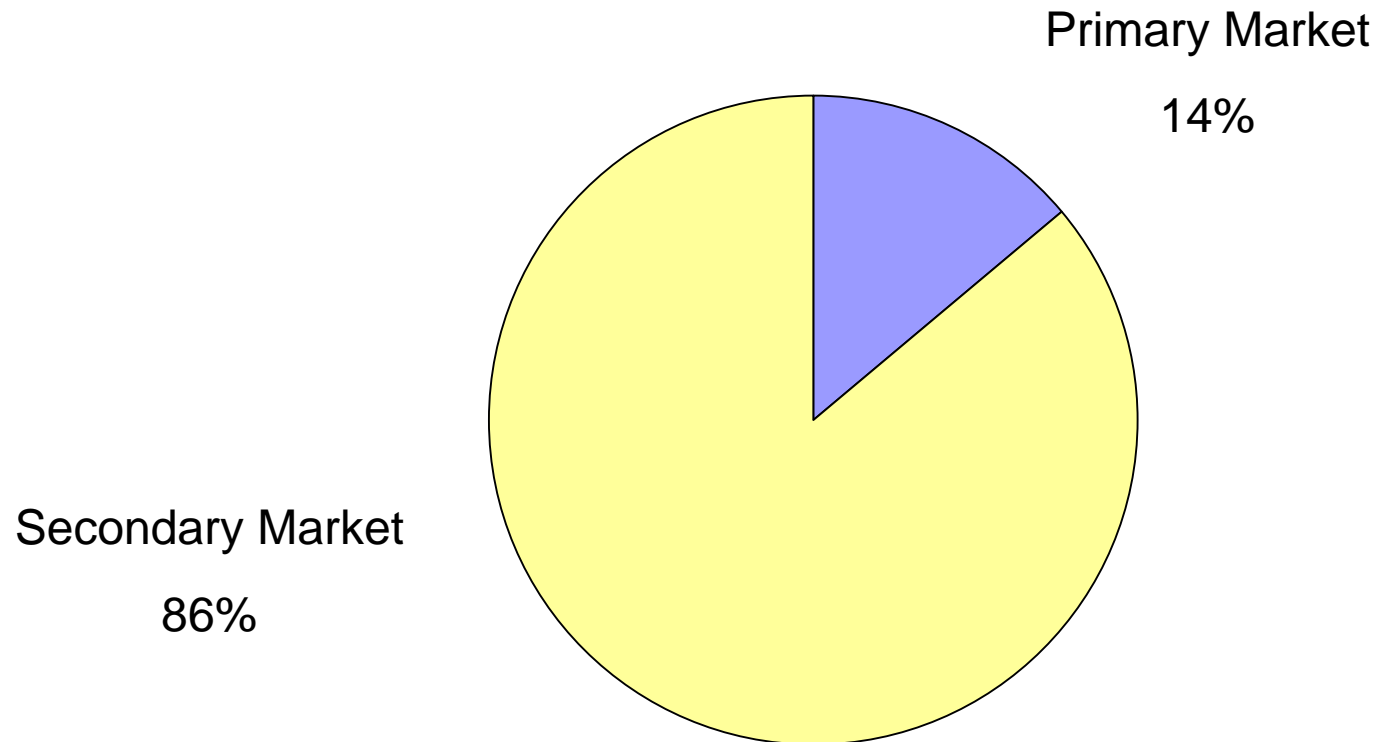
- In the long run, we will increase land supply to tackle the problem at source to provide opportunities for affordable homes
- Financial Secretary chairs the “Steering Committee on Housing Land Supply”
- Target: making available land for an average of 20 000 private residential flats per annum in the next 10 years

Land Supply

- The provision of housing land should be sufficient to allow a total of about 35 000 units in the coming year
 - MTR Corporation Limited is going to be an important source of supply of sites for residential developments. The sites at Nam Cheong, Tsuen Wan, Tai Wai, Tin Shui Wai and Tseung Kwan O are expected to provide an estimated 14,600 units.
 - The Government has decided to sell five residential sites by tender this year, and will impose restrictions on the minimum flat number and flat size in the conditions of sale. The objective is to increase the supply of small and medium-sized flats. These sites will be able to provide about 3,000 small and medium-sized units.

Overview of Private Property Market

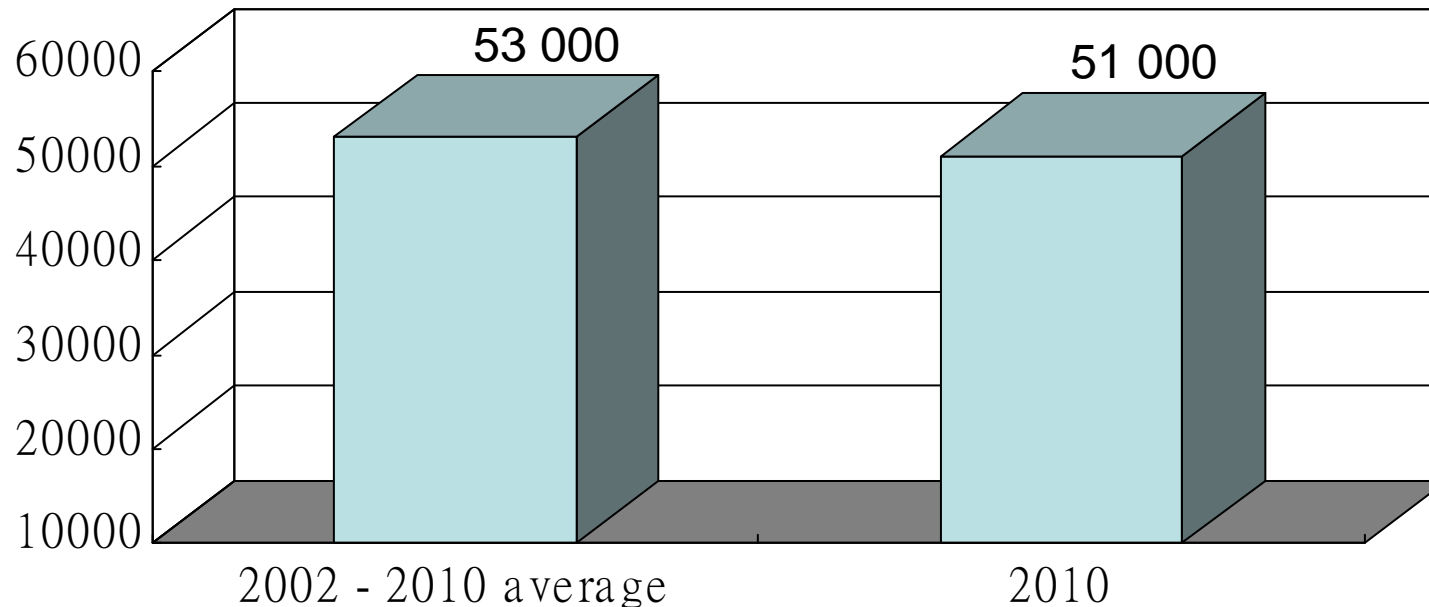
- Secondary market constitutes a significant source of flat supply
- Total flat sales in 2006 – 2010:



Supply of Flats in the Lower End Market

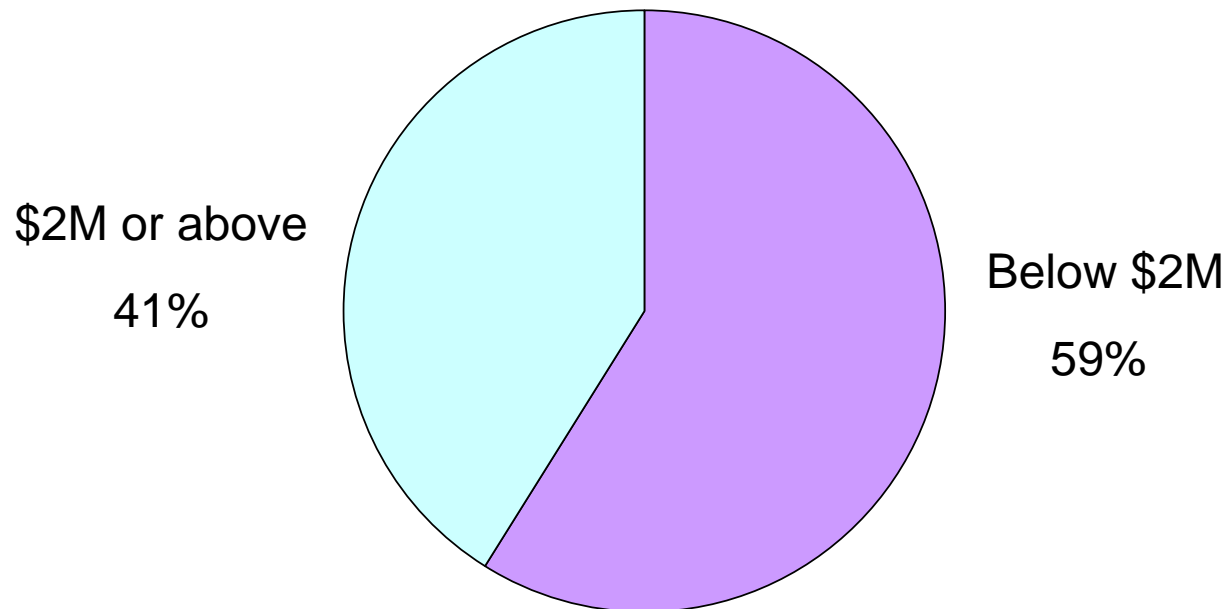
- Over past nine years, there were on average about 53 000 transactions on private residential properties valued below \$2 million per year. In 2010, there were about 51 000 such transactions
- This shows there is a stable supply of private residential properties valued below \$2 million

Number of Transactions below \$2 Million



HOS Open Market Transactions

- Another source of supply of lower price flats is the HOS open market with flats with premium paid
- According to information of the Land Registry and Administrative Record of the Housing Department, from November 2010 to January 2011, 59% of the transactions in the HOS open market were valued below \$2 million



Conclusion

- The Government is committed to increasing the choices to meet the housing needs of various sectors of the community by
 - providing PRH to those who cannot afford private rental accommodation;
 - the revitalization measures for the HOS Secondary Market;
 - MHPP;
 - measures introduced to increase land supply; and
 - efforts to enhance the transparency and fairness of first-hand sales in the private sector.
- The ultra-low interest rate environment will not last forever. Anyone considering to purchase property should carefully assess their risks and their own financial position when making a home purchase decision.

Thank You