

Legislative Council Panel on Housing

My Home Purchase Plan

Purpose

This paper briefs Members on the progress of the My Home Purchase Plan (MHPP).

Background

2. In his 2010/11 Policy Address the former Chief Executive (CE) announced that the Government would, in collaboration with the Hong Kong Housing Society (HKHS), introduce the MHPP which was premised on the concept of “rent-and-buy”. The MHPP is an option on the housing ladder and aims to help households which have the long-term ability to purchase a flat but do not have enough savings for the down payment to rent a MHPP flat first at the prevailing market rental and save up to purchase a flat in future. Under the MHPP, the Government will provide land for HKHS to build “no-frills” small and medium sized flats for lease to eligible applicants at the prevailing market rent. The maximum tenancy period is five years. To provide certainty so as to enable tenants to save, the rent will not be adjusted during the tenancy period. When MHPP tenants subsequently purchase a MHPP flat or a flat in the private market within the prescribed period, HKHS will grant them a purchase subsidy equivalent to half of the net rental paid by the tenants during the tenancy period.

3. The following year, in the 2011/12 Policy Address the former CE announced enhancement measures to the MHPP. Apart from the “rent-and-buy” mode, a “buy-or-rent” option which allows participants to buy their MHPP flats direct at market price without going through a rental period will also be offered. Another enhancement measure is that those who opt for the “rent-and-buy” mode may purchase the MHPP flats within a prescribed period at the “ceiling price” or at the prevailing market price of the flats, whichever is the lower. The market price of the flat when it is first put up for sale will become the “ceiling price” of that flat. This will protect MHPP tenants in the case of soaring property prices which may disrupt their plan for home purchase, and enable them to set more specific saving targets.

4. The Government has earmarked sites in Tsing Yi, Diamond Hill, Sha Tin, Tai Po, Tuen Mun and other areas for the provision of about 5 000 MHPP flats. The first two MHPP projects will be at Tsing Luk Street of Tsing Yi (the TLS project) and Sha Tin Area 36C (the Sha Tin project).

Progress Made

TLS Project

5. The Government has been working closely with HKHS to bring forward the TLS project taking into account the enhancement measures announced in the 2011/12 Policy Address. The TLS project will provide 988 “no-frills” small and medium sized flats. The building plans submitted by HKHS have been approved by the Buildings Department, and the Kwai Tsing District Council has been consulted on the project. The development comprises three 38-storey residential tower blocks, 3-level podium with carpark, landscaped area and recreational facilities. Following the completion of the piling works for the development, HKHS has started the superstructure works in May 2012. The construction works are expected to be completed in 2014.

6. In the light of the enhancement measures, the Government has obtained the approval of the Executive Council to a revised land premium arrangement. Under the original arrangement, HKHS would have to pay a full market value land premium for the lease modification of the TLS site, being the difference between the land value under the modified lease tailor-made for the MHPP and that under the existing lease, to be assessed and paid on a flat-by-flat basis at the point of sale of individual flats. Under the revised arrangement, the Lands Department (LandsD) will assess the land premium for the lease modification on the basis of 50% of the full market value for the domestic portion of the site¹ and full market value for the non-domestic portion of the site under the modified lease². This is in line with the land premium arrangement

¹ The full market value of the land is that for a normal residential development and will not reflect the restrictions of MHPP such as the “no-frills” nature, the subsidy element for tenants at 50% of the net market rent over the duration of the tenancy etc.

² At the meeting of the Executive Council on 15 May 2012, the Council ADVISED and the Chief Executive ORDERED that approval be given for LandsD to process the lease modification for the TLS site where the land value of the site under the modified lease is set at 50% of the full market value for the domestic portion of the site and at full market value

of the former Flat-for-Sale Scheme (FFSS) and the Sandwich Class Housing Scheme (SCHS), both undertaken by HKHS. Similar to MHPP, the FFSS and SCHS were subsidised housing schemes intended to facilitate flat buyers with income and asset limits above the public rental housing bracket but still with limited means to achieve home ownership.

7. The Government will continue to work closely with HKHS on the detailed arrangements for the TLS project. HKHS intends to invite applications for the project in December 2012.

Other MHPP Projects

8. The Sha Tin project near Siu Lik Yuen will produce about 700 small and medium sized flats. HKHS has conducted a preliminary stability study of a slope included in the site boundary to identify possible stabilization works required. A further detailed study will need to be conducted to verify the preliminary findings and finalize the stabilization works required. The concerned site will also have to undergo the land grant procedure. We will continue to discuss with HKHS on the implementation of the Sha Tin project.

9. As for the other MHPP projects, most of the sites identified require statutory rezoning procedures. We will announce the details of individual projects when the preparatory work is completed.

Transport and Housing Bureau

July 2012

for the non-domestic portion, and as a consequence, unwind the earlier arrangement as endorsed by the Chief Executive in Council on 5 October 2010 whereby LandsD would process the lease modification for the TLS site at full market value premium. The Administration undertook to brief the LegCo Panel on Housing on the latest progress of the TLS project.