

**立法會**  
***Legislative Council***

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**Panel on Housing**

**Meeting on 5 January 2015**

**Background brief on "Interim Scheme to extend the Home Ownership  
Scheme Secondary Market to White Form Buyers"  
prepared by the Legislative Council Secretariat**

**Purpose**

This paper provides background information on the Interim Scheme to extend the Home Ownership Scheme Secondary Market to White Form Buyers ("the Interim Scheme"), and gives a brief account of the views and concerns expressed by members of the Panel on Housing ("the Panel") on the subject.

**Background**

2. The Home Ownership Scheme ("HOS") Secondary Market Scheme was introduced in 1997 to allow owners of subsidized sale flats<sup>1</sup> to sell their flats, without payment of premium, to households with Green Form ("GF") status<sup>2</sup> in the HOS secondary market<sup>3</sup>. To address the home ownership aspirations of White Form ("WF") applicants<sup>4</sup> and to implement the Chief Executive's election manifesto, the Housing Authority ("HA") introduced the Interim Scheme in January 2013 to allow 5 000 WF applicants to purchase flats without premium

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<sup>1</sup> Subsidized sale flats include HOS flats, Tenants Purchase Scheme ("TPS") flats, and flats under the Flat-for-Sale Scheme ("FFSS") of the Hong Kong Housing Society ("HS").

<sup>2</sup> Those eligible for GF status include Public Rental Housing ("PRH") tenants and PRH applicants who have passed the detailed eligibility vetting and are due for flat allocation in about a year's time.

<sup>3</sup> The HOS secondary market covers flats with premium not yet paid under HOS, TPS and FFSS. According to the figures provided by the Administration in December 2014, there are a total of about 380 000 such flats with premium not yet paid.

<sup>4</sup> WF applicants refer to households who do not satisfy the requirement for GF status but meet the eligibility criteria of subsidized sale flats set by HA. Such eligibility criteria include residence rule, income and asset limits.

paid in the HOS secondary market. As advised by the Administration, the Interim Scheme provided WF applicants with an additional channel previously not available to them to have the opportunity to purchase subsidized sale flats before newly built HOS flats are released onto the market<sup>5</sup>.

3. According to recent figures provided by the Administration<sup>6</sup>, when the Interim Scheme was first launched in January 2013, HA received around 66 000 applications. HA issued 5 000 approval letters in two batches. Of these, 3 983 holders of approval letters applied for the "Certificates of Eligibility to Purchase" from either HA or HS, or both. As at the third quarter of 2014 (i.e. end September), a total of 2 161 applicants have achieved home ownership through the Interim Scheme. Among the applicants who have completed transactions, 218 were one-person applicants while 1 943 were applicants from the family category.

### **Deliberations of the Panel at the meeting on 5 November 2012**

4. The Panel was briefed on the Interim Scheme at its meeting on 5 November 2012. The major views and concerns expressed by members are summarized below.

5. Panel members expressed grave concern on the impact of the Interim Scheme on the HOS secondary market. They pointed out that HOS flats used to belong to a separate market which was unaffected by speculative activities. However, the Interim Scheme gave rise to increased demand which was not met by a corresponding increase in supply, thus encouraging speculative activities. Some members considered that the Interim Scheme had added stimulus to the overheated property market, pointing out that the selling prices of HOS flats had gone up dramatically following the announcement of the Interim Scheme.

6. Some members commented that under the scheme, WF buyers would be competing with GF buyers for purchasing HOS flats in the HOS secondary market, thereby pushing up property prices. The Interim Scheme would therefore undermine the chance of home ownership by GF buyers. The

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<sup>5</sup> All along, GF buyers can purchase new HOS flats put up for sale without being subject to income limits, or HOS flats with premium not yet paid on the HOS secondary market. However, WF buyers can only purchase new HOS flats put up for sale. As advised by the Administration, with the cessation of HOS, WF buyers had found it increasingly difficult to find affordable home as they could not afford private residential flats and were not eligible for PRH. Given that the first batch of new HOS flats was expected to be completed in 2016-2017 following resumption of HOS, allowing those with WF status to purchase HOS flats with premium not yet paid until new HOS flats were available could help address the home ownership needs of WF buyers in the interim.

<sup>6</sup> Source: Press release issued by HA on 17 December 2014.  
(<http://www.info.gov.hk/gia/general/201412/17/P201412170678.htm>)

recovery of PRH flats from GF buyers could shorten the average waiting time for the much needed PRH flats. These members considered that low-income families living in dilapidated conditions and awaiting allocation to PRH flats had greater need for assistance than WF buyers wishing to upgrade themselves through the purchase of HOS flats.

7. Some members however supported the Interim Scheme. They considered that by implementing the scheme, HOS flat owners would be able to sell their flats to WF buyers without payment of premium. It would give WF buyers an additional option for home ownership pending the completion of new HOS flats in 2016-2017.

8. The Administration advised that the increase in the prices of HOS flats had reflected the rising price trend of the property market in general. Furthermore, as WF buyers were subject to income and asset limits, they would unlikely be able to afford to pay high prices for HOS flats in the HOS secondary market. The effectiveness of the Interim Scheme remained to be seen.

9. The Panel passed a motion urging the Government to temporarily suspend the extension of the HOS secondary market to WF buyers and conduct a review afresh, so as to avoid pushing up the HOS secondary market. The Administration responded that while members' views were acknowledged, it would be irresponsible on the part of the Administration to abandon the proposed Interim Scheme before it was implemented. The Administration undertook to report on the outcome of the Interim Scheme after it had been implemented.

## **Recent developments**

10. On 24 November 2014, the Subsidized Housing Committee ("SHC") of HA considered the initial assessment on the implementation of the Interim Scheme and decided to implement one more round of the scheme in mid-2015 with a quota of 2 500<sup>7</sup>. In gist, SHC considers that while the Interim Scheme is effective to a certain extent, with the experience of only one round of the Interim Scheme and with about half of the quotas utilized by eligible persons, more empirical information is required to review the full and exact impact of the Interim Scheme on property prices. Given the strong demand for subsidized sale flats (especially from WF applicants) nowadays, SHC considers it more prudent to release one more round of the Interim Scheme with 2 500 quota in the second half of 2015 to further test out the effect of the Interim Scheme.

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<sup>7</sup> Source: Press release issued by HA on 24 November 2014  
(<http://www.info.gov.hk/gia/general/201411/24/P201411240741.htm>)

This can respond to WF applicants' home ownership aspirations on the one hand, and by reducing the quota to 2 500, address the concern on possible impact of the Scheme on flat prices on the other. A comprehensive review will be conducted thereafter to decide on the future of the Interim Scheme.

### **Council questions**

11. At the Council meetings on 5 December 2012, 26 June and 3 July 2013, and 10 and 17 December 2014, Hon Abraham SHEK, Hon Vincent FANG, Hon LAM Tai-fai, Hon Tony TSE and Hon Andrew LEUNG raised questions relating to the HOS secondary market. Issues covered in the questions include whether the Administration had assessed why the prices of HOS flats on the secondary market had risen continuously, whether the Administration would temporarily shelve the Interim Scheme so as to avoid the development of a bubble in the secondary market, and whether the Administration would review the effectiveness of the Interim Scheme. Details of the Council questions and the Administration's responses are hyperlinked in the **Appendix** for ease of reference.

### **Latest position**

12. The Administration will report on the latest position of the Interim Scheme at the Panel meeting on 5 January 2015.

### **Relevant papers**

13. A list of relevant papers is set out in the **Appendix**.

**Interim Scheme to extend the Home Ownership Scheme  
Secondary Market to White Form Buyers**

**List of relevant papers**

<b>Council/ Committee</b>	<b>Date of meeting</b>	<b>Papers</b>
Panel on Housing	5 November 2012	<p>Administration's paper on "Extending the Home Ownership Scheme Secondary Market to White Form Buyers" (LC Paper No. <a href="#">CB(1)107/12-13(02)</a>)</p> <p>Fact sheet on "A summary of press reports on extending the Home Ownership Scheme secondary market to white form buyers" prepared by the Legislative Council Secretariat (Chinese version only) (LC Paper No. <a href="#">FS07/12-13</a>)</p> <p>Minutes of meeting (LC Paper No. <a href="#">CB(1)327/12-13</a>)</p> <p>Administration's supplementary paper on "Extending the Home Ownership Scheme Secondary Market to White Form Buyers" (LC Paper No. <a href="#">CB(1)298/12-13(01)</a>)</p>

**Hyperlinks to relevant Council Questions:**

<b>Date</b>	<b>Council Question</b>
5 December 2012	Council question raised by Hon Abraham SHEK <a href="http://www.info.gov.hk/gia/general/201212/05/P201212050224.htm">http://www.info.gov.hk/gia/general/201212/05/P201212050224.htm</a>
26 June 2013	Council question raised by Hon Vincent FANG <a href="http://www.info.gov.hk/gia/general/201306/26/P201306260215.htm">http://www.info.gov.hk/gia/general/201306/26/P201306260215.htm</a>
3 July 2013	Council question raised by Hon LAM Tai-fai <a href="http://www.info.gov.hk/gia/general/201307/03/P201307030431.htm">http://www.info.gov.hk/gia/general/201307/03/P201307030431.htm</a>
10 December 2014	Council question raised by Hon Tony TSE <a href="http://www.info.gov.hk/gia/general/201412/10/P201412100345.htm">http://www.info.gov.hk/gia/general/201412/10/P201412100345.htm</a>
17 December 2014	Council question raised by Hon Andrew LEUNG <a href="http://www.info.gov.hk/gia/general/201412/17/P201412170678.htm">http://www.info.gov.hk/gia/general/201412/17/P201412170678.htm</a>