

立法會

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Panel on Housing

Meeting on 28 April 2020

Background brief prepared by the Legislative Council Secretariat on the Tenants Purchase Scheme

Purpose

This paper provides background information on the Tenants Purchase Scheme ("TPS"), and gives a summary of the views and concerns expressed by members of the Panel on Housing ("the Panel") on the subject.

Background

2. The Hong Kong Housing Authority ("HA") launched TPS in 1998 for public rental housing ("PRH") tenants to buy the units they lived in at a discounted price, thereby helping achieve the then policy objective of attaining a home ownership rate of 70% in Hong Kong in 10 years' time. The Government subsequently re-positioned its housing policies in 2002. In keeping with the overall strategy of withdrawing from direct provision of subsidized sale flats ("SSFs"), HA decided to cease the sale of PRH units after launching Phase 6B of TPS in August 2005. However, sitting tenants in the unsold flats in the 39 TPS estates may still purchase the flats they were living in, which are currently on average priced at about 20% of their assessed market values. As at end-December 2019, around 41 000 flats (i.e. around 22%) of the 184 000 TPS flats put up for sale remained unsold. The sales rate of each TPS estate varies, ranging from around 45% to 93%.¹

¹ Press release dated 10 March 2020, Hong Kong Housing Authority

Building management issues

3. As at 1 May 2018, the percentage of ownership shares of TPS states held by HA against the total amount of ownership shares was about 26%. Same as other private properties in general, all TPS estates, regardless of the percentage of ownership shares held by HA, are subject to the Building Management Ordinance (Cap. 344) ("BMO"), relevant land leases and Deeds of Mutual Covenant ("DMCs") in terms of property management. Day-to-day estate management matters are discussed and resolved at meetings of management committees or general meetings convened by Owners' Corporations ("OCs") pursuant to the provisions of BMO and DMCs. At present, all TPS estates have already formed their OCs. OCs and the appointed property management companies are obliged to fulfill the responsibilities to carry out repair works in the common areas and for the facilities in accordance with the terms of DMCs, so as to maintain the facilities in good condition and repair, including replacement of such facilities as and when necessary. HA has made a one-off injection equivalent to \$14,000 per residential unit to the Maintenance Fund for each TPS estate to meet the expenses of post-sale maintenance works.

4. The co-existence of flat owners and HA's tenants in TPS estates has created certain problems in estate management and maintenance. HA's estate management policies cannot be fully implemented in TPS estates, resulting in PRH tenants living in TPS estates and those living in non-TPS estates being subject to different management regimes. For example, HA's Marking Scheme for Estate Management Enforcement ("Marking Scheme") is not implemented in the common areas of TPS estates. HA can only regulate misdeeds committed in the rental units of TPS estates, while misdeeds committed in common areas (such as littering, burning wax, etc.) cannot be regulated by the Marking Scheme. In view of the mixed tenure in TPS estates, the Housing Department ("HD") cannot effectively carry out maintenance works (such as ceiling seepage, pipes leakage, etc.) which involve both sold and rental units within the same block.

Re-launching the Tenants Purchase Scheme

5. Sitting tenants of the 39 TPS estates can still opt to purchase the PRH units they are living in. However, HA has no intention to re-launch TPS. There had been discussions on whether TPS should be

re-launched (i.e. to extend TPS estates beyond the existing 39 estates) during the public consultation on Long Term Housing Strategy ("LTHS"). In view of the estate management and maintenance problems arising from the mixed tenure of TPS estates, the LTHS Steering Committee considered it not advisable to re-launch TPS. The demand for SSFs has remained strong in society and there have been calls for re-launch of TPS as many PRH tenants aspire to own homes. The Administration has held the view that those living in other PRH units with aspirations for home ownership can purchase SSFs with premium unpaid in the Home Ownership Scheme ("HOS") Secondary Market, or apply for the purchase of newly completed HOS flats with Green Form ("GF") status.

6. In 2016, to further enhance the housing ladder, HA launched the first "Green Form Subsidised Home Ownership Scheme" ("GSH") project at San Po Kong (i.e. King Tai Court) with flat prices set at a level lower than those of HOS flats. According to the Administration, the GSH scheme helped GF applicants achieve home ownership while releasing more PRH flats for PRH applicants. HA endorsed regularizing GSH in January 2018. About 3 696 new GSH flats were put up for pre-sale in late 2019.

7. The Chief Executive ("CE") announced in the 2019 Policy Address that she had taken note of the views for a re-launch of TPS and had no in-principle objection to the proposal, but its implementation would reduce the number of PRH units available for allocation in the short term. When the Administration had more certainty on the overall public housing supply, she would ask HA to look into the matter seriously.²

Accelerating the sale of unsold the Tenants Purchase Scheme flats

8. To meet the home ownership aspirations of PRH tenants, and solve the estate management and maintenance problems in TPS estates arising from mixed ownership, CE proposed in her 2019 Policy Address that HA make active preparation with a view to accelerating the sale of unsold flats in the 39 TPS estates. According to the Administration, a number of options could be explored, including putting up the about 1 200 PRH units recovered from TPS tenants annually, which would have

² Paragraph 17, the Chief Executive's 2019 Policy Address

been used for rental purpose, for sale to Green Formers; and providing a greater incentive to the TPS flat sitting tenants to buy their own flats.³

9. HA announced on 10 March 2020 that its Subsidised Housing Committee had approved to freeze the letting of recovered flats from TPS estates with effect from 11 March 2020, with a view to putting up those flats for sale later.

Members' views and concerns

10. The major views and concerns expressed by members are summarized in the ensuing paragraphs.

Management problems in Tenants Purchase Scheme estates

11. Some members criticized that the management problems in the TPS estates were due to HA's failure to manage the sold TPS flats in the estates. Members also pointed out that the management problems were in stark contrast with the Government's commitment in the past that the mixed ownership of units in TPS estates could be manageable.

12. The Administration replied that it intended to solve the estate management and maintenance problems in TPS estates arising from mixed ownership as soon as practicable, and would need to first expedite the sale of the 42 000 unsold flats in the 39 TPS estates.

Measures to accelerate the sale of unsold Tenants Purchase Scheme flats

13. Members expressed support for accelerating the sale of the 42 000 unsold flats in the 39 TPS estates. Some members enquired about the concrete measures to accelerate the sale of the unsold flats under TPS apart from the current measures of recovery of PRH units from TPS tenants, sale of GSH flats to TPS tenants and provision of allowance to encourage TPS tenants to move to new PRH estates, etc. They also enquired about the estimated reduction in waiting time for PRH applicants after the announcement of the acceleration of the sale of unsold TPS flats, and the measures to solve the estate management and maintenance problems in TPS estates arising from mixed ownership and to attract TPS tenants to buy their own flats. They suggested that the Administration could renovate the 39 TPS aged estates to reduce the

³ Paragraphs 6 and 7, LC Paper No. CB(1)32/19-20(01)

future maintenance cost and/or to provide maintenance subsidies to such estates.

14. The Administration replied that it would explore ways to accelerate the sale of PRH units in TPS estates. Aside from selling recovered PRH flats from tenants in TPS estates, other measures could also be explored, e.g. whether there was room to further lowering the sale price to sitting tenants of the unsold flats in the TPS estates (which was currently at about 20% of the market value of comparable private flats in adjacent areas), and whether and how incentives could be given to tenants to move to non-TPS estates. Regarding the sale of recovered PRH flats from tenants of TPS estates, it was estimated that the waiting time for PRH applicants might be slightly affected, as it would take some time to implement the necessary sale arrangements and to await public response. HA had injected into the Maintenance Fund set up for each TPS estate a one-off sum equivalent to \$14,000 per residential flat to cover the expenses arising from major maintenance works in the common areas and facilities of the TPS estates. HA would consider taking appropriate actions in accordance with the actual conditions in this regard.

15. Some members considered that the one-off Maintenance Fund of \$14,000 for each TPS flat was insufficient in comparison with the estate management and maintenance problems that the flat owners encountered in TPS estates, and enquired about the incentives to be provided to the TPS flat sitting tenants to buy or leave their own flats. The Administration advised that it would consider accelerating the sale of the unsold TPS flats through various incentives, including offering discounts or similar arrangements. The Transport and Housing Bureau planned to seek the views of the Panel in the first quarter of 2020 on the suggestions of feasible measures for accelerating the sale of unsold flats in the 39 TPS estates, for HA's further consideration.

Re-launch of Tenants Purchase Scheme

16. Noting that many PRH tenants aspired to buy their own flats and the Administration would consider looking into the re-launch of TPS when there was greater certainty on the overall public housing supply, some members enquired about the timetable for re-launching TPS. Some other members enquired whether upon receiving favourable response to the sale of the 42 000 unsold flats in the existing 39 TPS estates, the Administration would consider launching a second-phase sale of TPS flats, for example, in PRH estates aged between 10 to 15 years.

17. Some members expressed disappointment about the focus of the Government's initiative which was limited to accelerating the sale of the unsold flats in the 39 TPS estates, when existing and new tenants of TPS estates were already entitled to buy the flats in which they lived. Pointing out that PRH tenants in other PRH estates outside TPS also aspired to buy their own flats, they enquired whether the Administration would consider re-launching TPS in other PRH estates including those with Buy-or-Rent Option⁴ ("BRO") blocks. They pointed out that according to some tenants of BRO blocks, upon their moving into the blocks, some staff members of HD gave them a verbal undertaking that they might in future buy the flats in which they lived.

18. The Administration advised that CE had announced in the 2019 Policy Address that the Government would first expedite the sale of the 42 000 unsold flats in the 39 TPS estates. The Government had taken note of the aspirations of PRH tenants to buy their own flats but due to the current acute short supply of PRH units, the Government would not consider re-launching TPS or BRO in the short term. As stated in the 2019 Policy Address, when the Administration had more certainty on the overall public housing supply, CE would ask HA to look into the matter seriously. The Administration might then consider the BRO issue in one go.

19. Some members pointed out that according to the last term of Government, it did not take forward TPS because doing so would reduce the number of PRH units available for allocation in the short term and inevitably lengthen the waiting time for PRH applicants. Besides, some members of the public were against the re-launch of TPS because individual TPS units could be resold in open market on paying the land premium, resulting in speculative trading of SSFs. The members pointed out that all PRH tenants, and not just those under TPS, aspired to own their homes, and enquired about the measures to be taken if the proposed incentives to be provided to the TPS flats sitting tenants were not effective.

⁴ BRO was launched by HA in 1999 to provide an additional option for prospective PRH tenants, enabling them to move up the ladder to home ownership without the interim stage of PRH. Under BRO, HA would select suitable building(s) in public housing estates for sale, with sale units co-locating in one single location to facilitate building management. Remaining buildings in the estate were used as rental units.

20. The Administration advised that the Government had considered the aspirations for home ownership as well as the PRH supply in proposing to accelerate the sale of the unsold TPS flats. The Government recovered over 1 000 PRH units from TPS tenants on average annually, and about 3 000 TPS tenants had chosen to purchase their own flats on average annually. Given the high demand from TPS sitting tenants to purchase their own flats and the significant oversubscription rate in the purchase of SSFs, the Government would make every effort to expedite the sale of unsold TPS flats to address these home ownership aspirations and help resolve problems arising from mixed ownership in TPS estates. As for a re-launch of TPS involving other PRH estates, the Government would invite HA to look into the feasibility when there was more certainty in the overall public housing supply.

Council questions

21. Questions on various issues related to TPS, including the building maintenance of TPS estates, the special credit offered to TPS tenants who purchased their TPS flats, accelerating the sale unsold TPS flats and re-launching TPS, were raised at the Council meetings by Hon Wilson OR Chong-shing (twice on 6 June 2018 and on 26 February 2020), Hon LAU Kwok-fan (on 5 December 2018 and 26 February 2020) and Hon CHAN Chun-ying (on 13 November 2019). The Council questions and the Administration's replies are hyperlinked in the **Appendix**.

Latest position

22. The Administration will brief members at the Panel meeting on 28 April 2020 on the proposed feasible measures for accelerating the sale of unsold TPS flats, and on other issues relevant to TPS, including maintenance issues of TPS estates, whether to re-launch TPS beyond the existing 39 TPS estates (e.g. at BRO estates) and alienation restrictions of SSFs.

Relevant papers

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

Council Business Division 1
Legislative Council Secretariat
24 April 2020

Tenants Purchase Scheme

List of relevant papers

Council/ Committee	Date of meeting	Paper
Council	6 June 2018	Council question on "Building maintenance of Tenants Purchase Scheme estates" Council question on "Flats sold under Tenants Purchase Scheme"
Council	5 December 2018	Council question on "The buy-or-rent option and Tenants Purchase Scheme of the Housing Authority"
Panel on Housing	8 November 2019	Administration's paper on "Housing-related initiatives in the Chief Executive's 2019 Policy Address and Policy Address Supplement" (LC Paper No. CB(1)32/19-20(01)) The Chief Executive's 2019 Policy Address Minutes of meeting (LC Paper No. CB(1)492/19-20)
Council	13 November 2019	Council question on "Accelerating the sale of flats under Tenants Purchase Scheme"
Council	26 February 2020	Council question on "Accelerating the sale of flats in Tenants Purchase Scheme estates"
Council	26 February 2020	Council question on "Issues relating to re-launching Tenants Purchase Scheme"