

# LCQ 14: Secondary market of subsidised sale flats

Following is a question by Hon Wong Kwok-kin and a written reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (June 2):

Question:

Under the Home Ownership Scheme Secondary Market Scheme implemented by the Hong Kong Housing Authority (HA) and the Flat-For-Sale Scheme Secondary Market scheme implemented by the Hong Kong Housing Society (HS), the HA's subsidised sale housing (SSH) flats (including flats under the Home Ownership Scheme (HOS) and the Green Form Subsidised Home Ownership Scheme, collectively referred to as "HOS flats") as well as flats in the housing courts under the HS's Flat-For-Sale Scheme and SSH projects may be resold to eligible buyers with premium unpaid. Eligible buyers include (i) tenants currently residing in the HA's public rental housing (PRH)/interim housing and the HS's housing estates (collectively referred to as "PRH tenants"), (ii) holders of a valid Green Form Certificate (GFC) (certifying holders' eligibility for buying HOS flats with Green Forms) (GFC holders), and (iii) persons who are eligible for buying HOS flats with White Forms and have been allocated with quotas after the drawing of lots (WF buyers). Regarding the secondary market of SSH, will the Government inform this Council:

(1) among the sold SSH flats in the territory at present, of the respective numbers and percentages of those which have ever been resold under the aforesaid two secondary market schemes;

(2) of the respective (a) numbers of flats with premium unpaid and (b) average prices of such flats bought under each secondary market scheme by (i) PRH tenants, (ii) GFC holders, and (iii) WF buyers, in each of the past five years;

(3) of the following details of PRH tenants and GFC holders buying flats with premium unpaid under each secondary market scheme in each of the past five years: (i) the number of cases in which the HA issued a GFC, (ii) the number of cases in which the HA/the HS issued a Certificate of Eligibility to Purchase (CEP), (iii) the number of flats bought in the secondary market, and (iv) the number of rental units recovered by the HA/the HS from such persons (set out in Table 1);

Table 1

Year	(i)	(ii)	(iii)	(iv)
2016				
.....				

2020				
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(4) of the following details of WF buyers buying flats with premium unpaid under each secondary market scheme in each of the past five years: (i) the quota for WF buyers, (ii) the number of applications for such quota received by the HA (and the over-subscription rate), (iii) the number of cases in which the HA/the HS issued a CEP, and (iv) the number of flats bought in the secondary market (set out in Table 2); and

Table 2

Year	(i)	(ii)	(iii)	(iv)
2016				
.....				
2020				

(5) whether it has explored measures to further vitalise the SSH flats secondary market; if so, whether such measures will include (i) providing additional mortgage loan guarantee for HOS flats completed over 20 years ago, and (ii) increasing the quotas for WF buyers or dispensing with the quota restrictions; if these will not be included, of the reasons for that?

Reply:

President,

My reply to the question raised by the Hon Wong Kwok-kin is as follows:

(1) For the resale of subsidised sale flats (SSFs) in the Secondary Market of various SSF Schemes (Note 1) under the Hong Kong Housing Authority (HA) and the Flat-For-Sale Scheme (FFSS) Secondary Market under the Hong Kong Housing Society (HKHS), the statistics kept by the HA and the HKHS are in number of transactions instead of units. Generally speaking, each transaction involves one unit. If the relevant unit is not resold again in a short period of time, the number of transactions can be used as a reference for the number of units resold.

(2) The number of transactions and average unit price under the HA's SSF Schemes Secondary Market and the HKHS' FFSS Secondary Market in the past five years are set out in Table 1 and Table 2 respectively.

(3) Information regarding the purchase of flats with premium unpaid in the HA's SSF Schemes Secondary Market and the HKHS' FFSS Secondary Market by Green Form applicants (Note 2) in the past five years are set out in Tables 3, 4 and 5.

(4) Information regarding the purchase of flats with premium unpaid in the HA's SSF Schemes Secondary Market and the the HKHS' FFSS Secondary Market

by White Form applicants (Note 3) in the past five years are set out in Table 6.

(5) To assist the purchasers of SSFs to obtain better mortgage terms, the HA provides a mortgage default guarantee for a period of 30 years from the date of first assignment to the authorised banks and financial institutions which have entered into a Deed of Guarantee with the HA. The HA does not require that the mortgage repayment period offered by the authorised banks and financial institutions must end together with the mortgage default guarantee period provided by the HA. The HA only specifies that the maximum repayment period should not be over 25 years. The default guarantee period provided by the HA is only one of the factors considered by the banks and financial institutions when approving mortgage loans. Depending on their own lending policies and the actual situation of each loan application (e.g. factors such as the repayment abilities and repayment history of the mortgage loan applicants), individual authorised banks and financial institutions would offer different mortgage terms to the mortgage loan applicants of SSFs.

In response to the demand for SSFs from White Form applicants of low-to middle-income families, the HA endorsed in November 2017 the regularisation of the White Form Secondary Market Scheme (WSM). Considering that the supply of SSFs with premium unpaid had been and would likely remain limited (the HA issued about 2 900 Certificate of Availability for Sale each year at that time), and an annual quota would enable some control over the effects of WSM on the SSF Schemes Secondary Market, the HA decided to continue setting an annual quota after regularisation. In view of the persistently strong response and demand for WSM, the HA further increased the annual quota of WSM 2020 to 4 500 in order to meet the home ownership demand from White Form applicants. The HA will continue to closely monitor the market response to WSM 2020 as well as the views of other stakeholders in considering whether it is necessary to further increase the annual quota of WSM.

Note 1: SSF Schemes is a collective term, which includes the HA's Home Ownership Scheme, Private Sector Participation Scheme, Middle Income Housing Scheme, Mortgage Subsidy Scheme, Buy or Rent Option, Tenants Purchase Scheme, and Green Form Subsidised Home Ownership Scheme.

Note 2: Green Form applicants consist mainly of eligible households of the HA's Public Rental Housing (PRH) estates and the HKHS's rental estates, as well as PRH applicants who have passed detailed eligibility vetting and obtained Green Form Certificate.

Note 3: White Form applicants are households which are not PRH tenants and meet the eligibility criteria for buying SSFs.