

LCQ11: Premium payment for subsidised sale housing flats

Following is a question by the Hon Wong Kwok-kin and a written reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (April 28):

Question:

Under the Housing Ordinance (Cap. 283), an owner of subsidised sale housing flat must pay a premium to the Hong Kong Housing Authority (HA) for the removal of the assignment restrictions before he/she may sell, let or otherwise assign his/her flat in the open market. Subsidised sale housing flats put up for sale by the Hong Kong Housing Society (HKHS) are subject to similar assignment restrictions. Regarding the premium payment for such housing flats, will the Government inform this Council:

(1) of (i) the number of flats for which applications for premium assessment were received by the HA, and (ii) the average amount of premium payable for each flat, in each of the past five years; whether it knows the relevant figures of the HKHS flats;

(2) of a breakdown of the cases mentioned in (1) by the saleable area of the flats (i.e. (i) below 21 square metres, (ii) 21 to 39.9 square metres, (iii) 40 to 59.9 square metres, and (iv) 60 square metres or above) (set out in Table 1); whether it knows the relevant figures of the HKHS flats;

Table 1

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

(3) in respect of each of the housing courts put up for sale by the HA, of the District Council district to which it belongs, the year in which it was put up for sale, and the numbers of premium-paid flats at present and in each of the past five years (set out by subsidised sale housing schemes (namely (i) the Buy or Rent Option Scheme, (ii) the Home Ownership Scheme, (iii) the Private Sector Participation Scheme, (iv) the Middle Income Housing Scheme, and (v) the Mortgage Subsidy Scheme) respectively in tables of the same format as Table 2);

Table 2 Housing scheme

District Council district	Name of housing court	Year of sale	Number of flats with premiums paid					
			Present	2016	2017	2018	2019	2020

(4) whether it knows, in respect of each of the housing courts put up for sale by the HKHS, the District Council district to which it belongs, the year in which it was put up for sale, and the numbers of premium-paid flats currently and in each of the past five years (set out by subsidised sale housing schemes (namely (i) the Flat-for-Sale Scheme, (ii) the Subsidised Sale Flat Projects, and (iii) the Sandwich Class Housing Scheme) respectively in tables of the same format as Table 2);

(5) as the Hong Kong Mortgage Corporation Limited has launched the Premium Loan Guarantee Scheme and the Premium Loan Insurance Scheme to assist the relevant owners in paying premiums, of the respective (i) numbers of applications received and (ii) total amounts of the loans granted, in respect of the two Schemes in each of the past five years; and

(6) as there are views that the Government should consider (i) allowing owners of flats with premiums unpaid to pay the premiums by instalments, i.e. to determine the time and payment rate according to the market situation and their own financial means, and (ii) introducing a mechanism under which an owner may choose to adopt either the market value of his/her flat at the time when his/her relevant application is processed or that during the various instalment periods for the calculation of the premium amount for his/her flat, whether the Government has studied such proposals in depth; if so, of the details; if not, the measures in place to enhance the premium payment arrangements?

Reply:

President,

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

(1) Information on premium payment of subsidised sale flats (SSFs) under the Hong Kong Housing Authority (HA) and the Hong Kong Housing Society (HKHS) in the past five years (i.e. from 2016 to 2020) is set out at Annex 1.

(2) The HA has not kept statistics on the premium paid by saleable areas of flats. Relevant information in relation to the subsidised sale projects under the HKHS in the past five years (i.e. from 2016 to 2020) is set out at Annex 2.

(3) The number of the HA's SSFs with premium paid in the past five years (i.e. from 2016 to 2020) by district (Note 1) is at Annex 3. As at March 2021, there were about 61 320 HA's SSFs with premium paid, including about 58 950 Home Ownership Scheme (HOS) Flats (Note 2) and about 2 370 flats sold under the Tenants Purchase Scheme.

(4) Information in relation to the premium payment of subsidised sale projects under the HKHS in the past five years (i.e. from 2016 to 2020) by District Council district is set out at Annex 4.

(5) No application was received under the Premium Loan Guarantee Scheme between its launch in 2010 and termination in 2018. As regards the Premium Loan Insurance Scheme (PLIS) which was introduced in 2015 and ended in 2019, there were 12 applications involving a total amount of \$10.5 million. Many PLIS applicants intended to settle the land premium in order to apply for the Reverse Mortgage Programme (RMP). As the RMP has been extended to cover subsidised sale flats since October 2016 and the borrowers are allowed to withdraw a lump-sum payout to settle the land premium, the market did not have keen demand for the PLIS. The PLIS was therefore terminated in 2019.

(6) SSFs, such as HOS Flats, are sold to eligible persons at a price lower than the market value to assist low-to-middle income families to achieve home ownership. Based on the principles of effective and rational use of public housing resources and equity, if an SSF owner no longer wishes to reside in the flat, the owner must first pay the premium in full in order to alienate the flat in the open market. For the HA's SSFs, rules regarding the amount of premium to be paid are prescribed in the Schedule to the Housing Ordinance or the relevant land leases.

Allowing owners to pay the premium by instalments is not in line with the principles of effective and rational use of public housing resources and equity, and may also indirectly stimulate speculative activities. If SSF owners are in need of financial assistance when they pay the premium, they may consider making financial arrangements through financial institutions, or choose to sell their flats in the HOS Secondary Market with premium unpaid.

Note 1: The HA does not maintain statistics on SSFs with premium paid by District Council districts, different sale schemes or individual SSF projects.

Note 2: HOS Flats means flats sold under the Home Ownership Scheme, the Private Sector Participation Scheme, the Buy or Rent Option Scheme, the Mortgage Subsidy Scheme, the Middle Income Housing Scheme and the Green Form Subsidised Home Ownership Scheme.