

LCQ12: Home-buying needs of Hong Kong people

Following is a question by the Hon Gary Fan and a written reply by the Secretary for Financial Services and the Treasury, Mr James Lau, in the Legislative Council today (December 11):

Question:

In the Policy Address delivered on October 16 this year, the Chief Executive announced that the Government would immediately raise the caps on the value of the properties under the Mortgage Insurance Programme of the HKMC Insurance Limited. In this connection, will the Government inform this Council:

(1) of the following statistics for each month from January 2017 to September this year, the period from October 1 to 15 this year, the period from October 16 to 31 this year, and November this year:

(A) the number of approved applications submitted by first-time home buyers for taking mortgage loans at the maximum loan-to-value ratio of mortgage insurance, and set out in Table 1 a breakdown by the level (i.e. (i) \$4 million or below, (ii) above \$4 million to \$6 million, (iii) above \$6 million to \$8 million, (iv) above \$8 million to \$10 million, and (v) above \$10 million) to which the relevant properties' values belonged;

Table 1

Month	(i)	(ii)	(iii)	(iv)	(v)	Total
January 2017						
...						
October 1 to 15, 2019						
October 16 to 31, 2019						
November 2019						
Total						

(B) among the applications in (A), the number of those submitted by non-Hong Kong permanent residents (non-HKPRs), and set out in Table 2 a breakdown by the aforesaid levels of values and the applicants' nationality (i.e. (a) China and (b) others); and

Table 2

Month	(i)		(ii)		(iii)		(iv)		(v)		Total	
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
January 2017												
...												
October 1 to 15, 2019												
October 16 to 31, 2019												
November 2019												
Total												

(C) the number of residential property transactions that were subject to the payment of (i) Buyer's Stamp Duty (BSD), (ii) Doubled Ad Valorem Stamp Duty and (iii) New Residential Stamp Duty, and the total amount of stamp duty payable, with a tabulated breakdown by type of residential property (i.e. (a) first-hand and (b) second-hand) (set out in a table of the same format as Table 3); and

Table 3
Duty: _____

Month	(a)		(b)	
	No. of transactions	Amount of duty	No. of transactions	Amount of duty
January 2017				
...				
October 1 to 15, 2019				
October 16 to 31, 2019				
November 2019				
Total				

(2) as it has been reported that the aforesaid measure of raising the caps on the value of properties has led to a rebound in property values and more active trading activities, and the revenue from BSD collected in October this year, being \$880 million, is the highest in 16 months, whether the Government will introduce measures to impose restrictions on the acquisition or holding of second-hand residential properties (including subsidised sale flats with premium paid) in the name of a company and by non-HKPRs, so as to give priority to addressing the home-buying needs of HKPRs?

Reply:

President,

My reply to the various parts of the question is as follows:

(1) The number of approved cases of the Mortgage Insurance Programme (MIP) applied by first-time homebuyers and the number of transaction and the amount of duty of the relevant stamp duty measures are at Annex 1 and Annex 2 respectively. Over 99% of first-time homebuyers who applied for the MIP in the approved cases were Hong Kong residents. The HKMC Insurance Limited did not maintain further breakdown on the number of Hong Kong permanent residents.

(2) According to the Transport and Housing Bureau, under prevailing stamp duty measures, residential property transactions involving company or non-Hong Kong permanent resident buyers are subject to Buyer's Stamp Duty (BSD) and New Residential Stamp Duty (NRSD). Both BSD and NRSD are charged at a flat rate of 15%. In other words, the aforesaid transactions are subject to stamp duty of 30% in total. These measures are effective in managing external demand and according priority to the home ownership needs of Hong Kong permanent residents. According to the Inland Revenue Department, from January to November 2019, only 3.3% of all of residential property transactions were subject to BSD, which was lower than that for 2018 (5.5%). Currently, the Government does not intend to impose new restrictions on acquisition or holding of second-hand residential properties. The Government will continue to closely monitor the trends in the property market and the evolving external environment.