

LCQ2: Increasing the supply of subsidised sale housing

Following is a question by the Dr Hon Wendy Hong and a reply by the Secretary for Housing, Ms Winnie Ho, in the Legislative Council today (March 13):

Question:

In 2018, the Government indicated that it would maintain the supply ratio of 70:30 between public rental housing (PRH) and the Green Form Subsidised Home Ownership Scheme (GSH) and other subsidised sale flats (SSFs) under the Long Term Housing Strategy (LTHS). There are views pointing out that as the supply of SSFs is still significantly lower than that of PRH even with their production resumed after a 10-year moratorium, some sandwich class people who are ineligible for PRH and unable to afford private housing can only live in sub-divided units, and PRH tenants aspiring for home ownership can hardly gain upward mobility along the housing ladder. In this connection, will the Government inform this Council:

(1) whether it will consider adjusting the supply ratio of PRH and GSH to other SSFs to 50:50, so as to ease the Government's financial burden and address the public's keen demand for home ownership;

(2) as there are views that given the "inter-changeability" between PRH and subsidized sale housing, the quality of these two types of housing is almost the same, whether the Government will review the principle of "inter-changeability" with a view to enhancing the quality of subsidised sale housing; and

(3) as there are views that building more PRH may not always be advantageous because some members of the public will deliberately control their income in order to be eligible for and live in PRH, and that PRH, with a substantial amount of land and financial resources required for its construction and operation, is a heavy burden for the Government in the long run, whether the Government will study formulating an optimal proportion of PRH in the overall housing supply and setting a ceiling on its supply in LTHS?

Reply:

President,

My consolidated reply to the various parts of the question raised by Dr Hon Wendy Hong is as follows:

It is the vision of the Hong Kong Housing Authority (HA) to provide affordable rental housing to low-income families with housing needs. At the same time, HA also helps low- to middle-income families achieve home

ownership through the provision of subsidised sale flats (SSFs). In view of the limited public housing supply, we have been striving to strike a balance between the supply of public rental housing (PRH) and SSFs in order to meet different needs of the public.

According to the Long Term Housing Strategy (LTHS), the Government updates the long term housing demand projection annually and presents a rolling 10-year housing supply target to capture social, economic and market changes over time, and makes timely adjustments where necessary. Given the persistent shortfall in the supply of public housing in the past, with a view to strengthening the policy effort to meet the housing needs of the public, the Government revised the public/private split of new housing supply from 60:40 to 70:30 in 2018 and maintained the ratio between PRH/Green Form Subsidised Home Ownership Scheme (GSH) and other SSFs (e.g. Home Ownership Scheme (HOS)) at 70:30.

The current-term Government has been pressing ahead to expedite land and housing supply on all fronts through streamlining procedures and enhancing co-ordination of inter-departmental work. Through various measures to enhance speed, efficiency and quantity, the Government has been expediting land creation for housing. In the coming five years (i.e. 2024-25 to 2028-29), it is estimated that the traditional public housing production will be about 142 000 units. Coupled with some 30 000 additional Light Public Housing (LPH) units, the overall public housing supply will reach about 172 000 units, with an increase of about 9 per cent as compared with about 158 000 units in the preceding five-year period. In addition, we have also stepped up efforts in combating tenancy abuse in order to ensure that the precious PRH resources are allocated to those most in need.

As for SSFs, we understand there is strong demand from relevant groups. The Government has all along been assisting the low- to middle-income families to achieve home ownership through overall planning, supply and financial arrangements, etc.

Firstly, HA has been striving to enhance the housing ladder through the provision of SSFs and launching various schemes, including HOS, GSH, the Private Subsidised Sale Flat – Pilot Scheme, the White Form Secondary Market Scheme and the Starter Homes for Hong Kong Residents, etc. with a view to providing an overall framework that bridges the public housing and private housing markets. Amongst them, the discount offered under GSH, which has been regularised since 2018, would be 10 per cent more than that in the preceding HOS sale exercise. Under the "one-for-one" arrangement, PRH tenants with improved financial capabilities can move up the housing ladder and return their PRH units, so that PRH applicants can be housed to public housing as soon as possible.

In terms of supply, HA's SSFs production has increased significantly from about 3 000 units in 2016-17 to about 9 700 units in 2022-23. For HOS 2023 launched recently, about 9 200 units were put up for sale, which was the highest in recent years. As for financial arrangements, according to the "Deed of Guarantee" which HA has entered into with the participating banks

and financial institutions, the maximum loan amount for SSFs Green Form purchasers in the primary market is 95 per cent of the selling price, while that for White Form purchasers is 90 per cent of the selling price. Recently, HA has also relaxed the mortgage arrangements for SSFs by extending the maximum mortgage default guarantee period and mortgage repayment period under the "Deeds of Guarantee" provided by HA to 50 years and 30 years respectively so as to enable purchasers of SSFs to obtain more affordable mortgage and facilitate the circulation of SSFs.

We understand that there is an expectation to increase the supply of SSFs. However, as the average waiting time for PRH is still relatively long, it is considered that at this stage, our primary target is to step up our efforts in increasing the PRH supply for housing those applicants in need as soon as possible, thus improving their livelihood. Looking ahead, there will be a significant increase in public housing supply in the second five-year period (i.e. 2029-30 to 2033-34) which will provide more room to adjust the ratio between PRH/SSFs. As it takes time for public housing construction, we will make timely review on the ratio.

As public demand for different types of public housing changes over time and the overall environment, HA needs to maintain flexibility in housing types so as to enhance interchangeability amongst PRH, GSH and other SSFs during project development, and makes timely adjustments of the respective supply in order to respond to the needs of the community in a timely manner. The oversubscription of SSFs sale exercises has showed that the attractiveness of SSFs is maintained under the interchangeability arrangement. Apart from the above, we have also been actively improving the quality of SSFs. In response to public aspirations for larger living space, the Government has stipulated in the 2022 Policy Address that the saleable area of all SSFs completed from 2026-27 onwards will be no less than 26 square metres.

We will continue to take into account the prevailing socio-economic circumstances in the LTHS annual review exercise and review the public/private split, and makes timely adjustments where necessary.