

## LCQ3 : The Buy-or-Rent Option and Tenants Purchase Scheme of the Housing Authority

Following is a question by the Hon Lau Kwok-fan and a reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (December 5):

### Question

The Hong Kong Housing Authority (HA) launched the Tenants Purchase Scheme (TPS) in 1998 for tenants of selected public rental housing (PRH) estates to buy the flats in which they lived at a discounted price. Although HA terminated TPS in August 2005, existing and new tenants of TPS estates may still buy the flats in which they live. On the other hand, HA implemented the Buy-or-Rent Option (BRO) from 1999 to 2003 for prospective PRH tenants to choose between renting or buying the flats in designated housing blocks. In this connection, will the Government inform this Council:

- (1) given that at present, tenants of TPS estates may buy the flats in which they live, why tenants of BRO blocks may not do so;
- (2) as a number of tenants of BRO blocks have indicated that upon their moving in, some staff members of the Housing Department gave a verbal undertaking that they might in future buy the flats in which they lived, whether the Government will honour the undertaking; if so, of the details; if not, the reasons for that; and
- (3) whether it will re-launch BRO and TPS, so as to rebuild the home ownership ladder for the grass roots; if so, of the details; if not, the reasons for that?

Reply:

President,

The Hong Kong Housing Authority (HA) launched the Tenants Purchase Scheme (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 per cent in Hong Kong in ten years' time. In 1999, HA launched the Buy or Rent Option (BRO) 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.

Arising from the Government's announcement of the re-positioned housing policies in November 2002, HA decided to halt the provision of Home Ownership Scheme (HOS) flats and other subsidised sale flats (SSFs) in 2003. The BRO was ceased at the same time. In line with the then overall strategy of withdrawing from direct provision of SSFs, HA also decided to cease the sale of PRH units after launching Phase 6B of TPS in August 2005.

The co-existence of flat owners and HA's tenants in TPS estates has created many problems in estate management and maintenance. HA's estate management policies cannot be fully implemented in TPS estates. As a result, PRH tenants living in TPS estates and those living in non-TPS estates are subject to different management regimes. At present, 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 for Estate Management Enforcement as such areas fall under the management of the Owners' Corporation. Owing to the mixed tenure in TPS estates, the Housing Department (HD) can neither effectively carry out maintenance works (such as ceiling seepage, pipes leakage, etc.) which involve both sold and rental units within the same block. There have been discussions on whether TPS should be re-launched during the public consultation on Long Term Housing Strategy (LTHS). Taking into account the above considerations, the LTHS Steering Committee also considered it not advisable to re-launch TPS.

BRO and TPS are two different schemes, with different arrangements and target groups. Under BRO, as all sale units are located in individual buildings which are separate from PRH blocks, management problems encountered in TPS estates due to co-existence of flat owners and HA's tenants in the same building would not exist. If HA allows individual PRH tenants living in BRO estates to purchase the PRH units they are living in, since not all tenants are willing or have the ability to purchase the units, it is likely to replicate the situations in TPS estates. This is undesirable.

According to our records, HD did not give any undertaking that tenants living in BRO estates may purchase the PRH units they are living in. On the other hand, sitting tenants of the 39 TPS estates can still opt to purchase the PRH units they are living in. However, HA has no intention of launching TPS in other PRH estates.

The Chief Executive pointed out in the 2017 Policy Address that the housing policy of the current-term Government comprises four elements.

First, housing is not a simple commodity; while maintaining respect for a free market economy, the Government has an indispensable role to play in this area. Second, the Government will focus on home-ownership, and strive to build a housing ladder to rekindle the hope of families in different income brackets to become home-owners. Third, the Government will focus on supply and increase the supply of housing based on the LTHS. Fourth, when new supply is not yet available, the Government will optimise existing housing resources to help families awaiting PRH and residents in poor living conditions.

Increasing supply of public housing, and rekindling hopes of families in different income brackets for home ownership are important components of the housing policy. The Government has been striving to consummate the housing ladder by providing SSFs for low to middle-income families to achieve home ownership. Opportunities are provided for PRH tenants who have improved their financial conditions to achieve home ownership, thereby vacating their PRH units for allocation to those waiting for PRH. The Government will continue to identify suitable sites and support HA and the Hong Kong Housing Society (HKHS) to implement HOS and other SSFs projects. According to the forecasts as at September 2018, in the five-year period from 2018/19 to 2022/23, the estimated total production of HA and HKHS' SSFs is about 26 300 units, excluding Green Form Subsidised Home Ownership Scheme (GSH) flats.

Comparing the above projected production of SSFs for the five-year period starting from 2018/19 with that of the previous four five-year periods, the projected production shows a steady increase.

Tenants living in other PRH units with aspirations for home ownership can apply for the purchase of newly-completed HOS/GSH flats launched by HA, as well as newly-completed SSFs launched by HKHS, using Green Form (GF) status. They may also purchase HA/HKHS' SSFs with premium unpaid in the Secondary Market. The next GSH project at Cheung Sha Wan, involving some 2 500 flats, will be launched later this month. It will provide additional home ownership opportunities for GF applicants.