

Transcript of remarks at press conference on new initiatives on housing

â€‹ The Chief Executive, Mrs Carrie Lam, together with the Financial Secretary, Mr Paul Chan; the Secretary for Transport and Housing, Mr Frank Chan Fan; and the Secretary for Development, Mr Michael Wong, held a press conference on new initiatives on housing this afternoon (June 29). Below is the transcript of remarks at the press conference:

Reporter: Three questions. Hong Kong's property prices have been increasing for 26 straight months as of May. Are these policies the Government's best try in providing immediate relief to unaffordable housing? Secondly, regarding making subsidised housing more affordable, does the Government expect this policy will lead to increasing demand? The Government has been lagging in providing more subsidised housing to people, and people are deeming subsidised housing schemes as the big lottery. Does the Government have any plan to cope with even higher demand at this stage?

Chief Executive: First of all, as I've said at the outset, there is no objective in this package to suppress property prices, and I don't expect the society to measure the effectiveness of this package of measures by the trend in Hong Kong's private residential property prices. That's point number one. But of course I hope that we will not be seeing another upsurge in property prices, because that is really making private housing very unaffordable by the people of Hong Kong.

The second question is, yes, there has been a school of thought that when supply is lagging behind demand in terms of subsidised sale flats, why do you make these flats even more attractive and affordable? This is a chicken and egg question. The other concern I've heard in the past two months said: Why do I contribute to any discussion on land supply if more land supply doesn't mean I could buy the flat? The flats are unaffordable even in terms of Home Ownership Scheme. So I feel that the proper way is, let's have a very reasonable housing policy, let's assure the public that the houses or the flats that we are going to build will be affordable, at least in the subsidised sector. It will be affordable, because we have already delinked it from the private property prices and linked it with the household income. And with that, hopefully people will be more forthcoming in contributing their ideas and views to the land supply task force public consultation. We will work very hard on the land supply, and with the land we are very willing to build more. As you can see, we are reallocating some private housing sites for subsidised sale flats, and we now have a pricing policy which I hope will address once and for all the concerns of the people expressed to us in recent years.

Reporter: I want to ask as there are suggestions about, well, increasing for

the vacancy tax. Instead of giving a flat rate, you should increase the tax according to the number of years that the developers are keeping the flats vacant – is that something that you are considering? And also, another suggestion of imposing a capital gains tax on non-permanent residents who are owning flats in Hong Kong. I mean, are these options that you are also considering? Have you considered these options to make better use of Hong Kong's housing resources? And also, you mentioned that these measures you introduced today are not for taming the property prices in Hong Kong, so do you have anything in mind that you're going to do, because we're seeing prices going up and up and up? Thank you.

Chief Executive: I'll answer the last point and then invite the Financial Secretary to address the two questions concerning taxes in Hong Kong. Well, the best solution to tackle rising property prices is supply. That's why I made a further appeal: please focus and participate in the ongoing public discussion on land supply. Without land supply, even if I were to make the HOS flats even cheaper, or free of charge, I just don't have land to build these flats for the people. So the solution lies really in supply.

Financial Secretary: Thank you CE. As to the rate of additional rates, at the moment it is set at 200 per cent of rateable value, which can be translated into about 5 per cent of the property price. We consider that this is an adequate measure, but of course we keep an open mind. As you know, this bill will go through the Legislative Council, but at this stage we do think that 5 per cent of the property price, in the form of additional rates, is appropriate. As to your question about whether we should consider capital gains tax on foreign owners of Hong Kong property, currently we do not have that plan, but I won't rule out that possibility.

(Please also refer to the Chinese portion of the transcript.)