

**Box 3.1**

**Latest Government housing measures (October 2011)**

In order to ensure a healthy and stable development of the property market and help low and middle-income families buy their own homes, in the 2011-12 Policy Address the Chief Executive put forward a new policy of resumption of the Home Ownership Scheme, the enhanced My Home Purchase Plan and another package of measures to expand land resources. The major measures are summarised below :

**(1) New Home Ownership Scheme (HOS)**

- The new HOS will target households with monthly income below \$30,000.
- Prices of flats with a saleable floor area of 400-500 square feet will be set with reference to the mortgage repayment ability of eligible households, with mortgage repayment not more than 40% of the household income.
- More than 17 000 flats would be provided over four years from 2016-17 onwards, with an annual production of 2 500-6 500 flats. 2 500 flats will be made available in 2016/17, and will be ready for pre-sale in 2014 or 2015.
- The Government will set the planning target at 5 000 flats a year on average as more sites become available. Depending on the market conditions, the Government may adjust the number of subsidised flats to be built and sold for the year, or even stop building and selling such flats.
- Regarding resale restrictions, within the first five years from the date of purchase, owners may only sell their flats to green form applicants or the Housing Authority (HA). After five years, owners may sell their flats on the open market after paying a premium to the HA. When calculating the premium to be paid, the HA may take the subsidised portion of a unit's purchase price as a loan to the owner, the amount of which will not be adjusted even if the market value of the unit increases in future, and require the owner to repay this loan to the HA before selling the unit on the open market.
- The HA, responsible for producing the flats under the new HOS, will work out the implementation details, including the allocation ratio between green form and non-green form applicants, income and asset criteria for non-green form applicants, price benchmarks based on affordability and premium payment arrangements.

**(2) Enhancing My Home Purchase Plan (MHPP)**

- Eligible households under the MHPP may rent first and buy later. The tenancy period will be up to five years, within which the rent will not be adjusted. MHPP tenants who purchase a MHPP flat or a flat in the private market within a specified time frame will receive a Purchase Subsidy equivalent to half of the net rental they have paid during the tenancy period, and may use it for part of the down payment.

**Box 3.1 (Cont'd)**

- Apart from the proposed “rent-and-buy” mode, the Government would offer a “buy-or-rent” option which allows participants to buy their MHPP flats direct at market price without going through a rental period.
- The initial market selling price will serve as the ceiling price of that flat under the MHPP. A participant choosing the “rent-and-buy” option will be guaranteed the “ceiling price” regardless of any rise in property prices if he buys a MHPP flat within a prescribed period. Should prices fall, he can buy a MHPP flat at the prevailing market price.
- The Government has earmarked a number of sites for about 5 000 MHPP flats. The first development project at Tsing Yi will provide around 1 000 “no frills” small and medium flats. These are expected to be completed in 2014 and pre-letting will take place in 2012.

**(3) Land Development and Accumulation**

To expand the land resources in Hong Kong, the Government would adopt an innovative, multi-pronged approach :

- To release about 60 hectares of industrial land for non-industrial uses, half of which will be made available for housing.
- To explore the option of reclamation on an appropriate scale outside Victoria Harbour.
- To actively explore the use of rock caverns to re-provision existing public facilities and release such sites for housing and other uses. Tentative projects include the relocation of the Sha Tin Sewage Treatment Works and Mount Davis and Kennedy Town Fresh Water Service Reservoirs.
- To look into the use of green belt areas in the New Territories that are devegetated, deserted or formed, thus no longer performing their original functions, and convert them into housing sites. The first phase will cover an area of 50 hectares, mainly consisting of government land.
- To examine “Government, Institution or Community” sites to avoid the under-utilisation of sites long reserved but without specific development plans; and study ways to reduce the restrictions posed by government utilities to the development of adjacent areas.
- To explore the possibility of converting into housing land some 150 hectares of agricultural land in North District and Yuen Long currently used mainly for industrial purposes or temporary storage, or which is deserted.

The Government’s aim is to ensure an annual supply of land for an average of about 40 000 residential units of various types. Also, land development will continue even in times of declining demand, so that sufficient land for more than 40 000 units each year could be made available when demand rises again.