

Box 4.1

Key Government measures on the property market in 2012

To ensure a healthy and stable development of the property market, the Government rolled out several rounds of measures in 2012.

(1) Ensure sufficient and steady land and flat supply

- In August and early September the Government announced a series of short and medium-term measures, such as selling flats under the My Home Purchase Plan at discounted prices, selling unsold Home Ownership Scheme flats, expediting the approval for pre-sale applications for uncompleted flats and changing the use of various sites to residential uses.
- In September the Government announced the implementation of the Hong Kong Property for Hong Kong People measure to give priority to the housing needs of Hong Kong permanent residents (HKPRs). For selected land sale sites, the sale and re-sale of flats built on these sites will be restricted to HKPRs for 30 years through land sale conditions.
- The Government established a two-tier institutional framework for the Long Term Housing Strategy, comprising the Steering Committee and the inter-departmental Working Group. The Government planned to publish a report and consultation paper in the second half of 2013 with recommendations for measures.

(2) Prevent excessive growth in mortgage lending

- To strengthen the risk management of the banking sector's mortgage lending business, the HKMA introduced a further package of macro-prudential measures, the fifth since October 2009, immediately following the US Federal Reserve's announcement of another round of quantitative easing measure in mid-September. These measures included standardising the maximum loan tenor for all new property mortgage loans to 30 years and further tightening debt servicing ratio and loan-to-value ratio for mortgage loan applicants with outstanding mortgage loans.

(3) Combat speculative activities

- In October the Government announced an enhancement of the SSD to further curb speculative activities. The restriction period was extended from two years to three years. The SSD rates were raised to 20% for resale within six months; 15% for resale for more than six months but 12 months or less; and 10% for resale more than 12 months but 36 months or less.

(4) Manage demand from non-HKPR buyers

- Together with the enhancement of the SSD, in October the Government also introduced the BSD targeting at non-HKPR buyers to ensure that the housing needs of HKPRs are accorded priority in a tight supply situation. A rate of 15% would be charged for all residential properties acquired by any person or entity except a Hong Kong permanent resident.