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Session No. : 8

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**Replies to supplementary questions raised by Finance Committee Members
in examining the Estimates of Expenditure 2010-11**

**Director of Bureau : Secretary for Transport and Housing
Session No. : 8**

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**CONTROLLING OFFICER'S REPLY TO
SUPPLEMENTARY QUESTION**

S-THB(H)01

Question Serial No.

SV007

Head: 62 Housing Department

Subhead (No. & title):

Programme:

Controlling Officer: Permanent Secretary for Transport and Housing (Housing)

Director of Bureau: Secretary for Transport and Housing

Question:

In response to Dr Hon Priscilla LEUNG, the Administration undertook to explain the methodology adopted in the planning of public rental housing developments to take account of demographic changes.

Asked by: Hon. LEUNG Mei-fun, Priscilla

Reply:

The objective of the Government and the Hong Kong Housing Authority (HA) is to provide subsidised public rental housing (PRH) to low income families which cannot afford private rental accommodation. The demand for PRH is affected by various factors, including the projection of population growth, rate of increase in households, etc. The number of applicants on the PRH Waiting List is also affected by the production and allocation of new PRH units.

Regarding the projection of population and household growth, the HA has adopted the results of population projections and household projections compiled by the Census and Statistics Department. Such information is added to other relevant statistics, such as the income distribution of households residing in private housing, number of households affected by redevelopment and clearance programmes, the number of applications on the PRH Waiting List, and the number of PRH flats recovered, etc., so as to project, based on the target of maintaining the average waiting time for PRH at around three years, the total and average number of new PRH units required in the next few years.

According to the HA's five-year Public Housing Construction Programme (PHCP), the anticipated new PRH production during the five-year period starting from 2009-10 is about 74 000 flats, averaging about 15 000 flats per year. Together with the PRH flats to be recovered, it is expected that this production level would meet the HA's policy objective of maintaining the average waiting time at around three years. We will continue to closely monitor the demand and to roll forward the PHCP every year.

Signature _____

Name in block letters Thomas C Y CHAN

Post Title Permanent Secretary for
Transport and Housing (Housing)

Date 1.4.2010

**CONTROLLING OFFICER'S REPLY TO
SUPPLEMENTARY QUESTION**

S-THB(H)02

Head: 62 Housing Department

Subhead (No. & title):

Question Serial No.

S025

Programme: (2) Private Housing

Controlling Officer: Permanent Secretary for Transport and Housing (Housing)

Director of Bureau: Secretary for Transport and Housing

Question:

Regarding Question Serial No. 2010 (Reply Serial No. THB(H)042) (see Annex), what was the ratio of mortgage payment to median household income for a normal 20-year mortgage on a private flat with a saleable area of 45 square metres in each of the past 20 years?

Asked by: Hon. LEE Wing-tat

Reply:

Based on the assumptions that private households with median household income buy a flat of 45 square metres and take out a 20-year mortgage loan at a 70% loan-to-value ratio and at an average effective mortgage rate, the annual average mortgage-to-income ratios from 1990 to 2009 are as follows –

Year	Mortgage-to-income ratio (%)
1990	60.4
1991	69.3
1992	75.8
1993	67.6
1994	75.6
1995	74.3
1996	67.4
1997	87.1
1998	72.2
1999	53.2
2000	43.7
2001	30.2
2002	23.5

Year	Mortgage-to-income ratio (%)
2003	20.5
2004	25.8
2005	33.5
2006	36.8
2007	37.4
2008	35.3
2009	35.8*

* This was the annual average figure for 2009. The figure as at the fourth quarter of 2009 was 38.1%

Signature _____

Name in block letters Thomas C Y CHAN

Post Title Permanent Secretary for
Transport and Housing (Housing)

Date 1.4.2010