

**Opening Remarks on Housing by
the Secretary for Transport and Housing
at the Special Finance Committee Meeting of
the Legislative Council on 18 April 2018**

Chairman,

1. Housing is an important livelihood issue. It is also a major issue which the current-term Government determines to tackle.
2. To address the current housing demand-supply imbalance at source, the Government will follow the “supply-led” and “flexibility” principles set out in the Long Term Housing Strategy (LTHS), and provide public rental housing (PRH) to the grassroots and subsidised sale flats to the lower to middle-income families.
3. According to the latest demand project, the Government has adopted 460 000 units as the total housing supply target for the ten-year period from 2018-19 to 2027-28, with a public-private split of 60:40 for the supply of new housing units. The public housing supply target is 280 000 units, comprising 200 000 public rental housing units and 80 000 subsidised sale flats, whereas the private housing supply target is 180 000 units.
4. In terms of land supply, as indicated in the LTHS Annual Progress Report 2017, assuming that all sites identified can be delivered on time for housing construction, these sites can be used for the construction of about 237 000 public housing units. However, there is still a shortfall of 43 000 units against our supply target. The Government will continue to increase short, medium and long term housing land supply by adopting a “multi-pronged” strategy, including conducting land use reviews and rezoning exercises, increasing the development intensity, exploring new development areas, etc. The Task Force on Land Supply was established in 2017 and carried out months of deliberations. The Task Force will shortly embark on a public engagement exercise to consult the public on the pros and cons as well as the relative priorities of various land supply options.

5. As the first level on the housing ladder, public housing is a long-established safety net for the grassroots and low-income families. To address the housing needs of these families, the Government and the Hong Kong Housing Authority (HA) will strive to continue increase public housing supply and ensure the rational use of existing public housing resources.
6. In the past year, we have initiated a number of measures to enrich the housing ladder, facilitate the circulation of public housing and assist the public move upward along the housing ladder. Such measures included HA's endorsement of the regularisation of the Green Form Subsidised Home Ownership Scheme (GSH) and the White Form Secondary Market Scheme (WSM). With reference to the principles adopted under the GSH Pilot Scheme, HA is now identifying suitable projects among its public housing developments under construction for turning them into GSH for sale. It also has a plan to launch the sale of the next GSH project by the end of 2018. Furthermore, WSM, with a quota of 2 500, was launched on 29 March 2018 concurrently with the Sale of Home Ownership Scheme (HOS) Flats 2018, both of which adopted the same income and asset limits. Applicants could choose between HOS and WSM or both. As at 11 April 2018, HA received a total of about 166 000 application forms for the Sale of HOS Flats 2018 and about 39 000 WSM application forms.
7. As a financially autonomous public body, HA funds its public housing programmes with its own resources for the provision of public housing to low-to-middle income persons.
8. As announced in the Chief Executive's 2017 Policy Address, in the face of hiking property prices, the Government will introduce the "Starter Homes" Pilot Scheme for Hong Kong Residents ("Starter Homes" Pilot Scheme) on top of HOS, so that middle-class families with a higher income will have a chance to achieve home ownership. Due to the limited land supply for public housing developments, the Government will provide "Starter Homes" units on the premise that public housing supply will not be compromised. Details of the "Starter Homes" Pilot Scheme will be finalised for announcement in the middle of this year, and a pilot scheme will be launched by putting up a residential site at

Anderson Road, Kwun Tong for sale by the end of this year. It is estimated that about 1 000 “Starter Homes” units can be provided.

9. As far as private housing is concerned, one of the Government’s established housing policy objectives is to maintain the healthy and stable development of the private residential property market. As a means to avert the supply-demand imbalance, the Government endeavours to increase land supply for private residential housing developments in accordance with the targets in LTHS, and, on the other hand, strives to reduce speculative activities, external demand and investment demand through various demand-side management measures. To further reduce the investment demand of those having residential property ownership, the Government introduced the New Residential Stamp Duty at a rate of 15% in November 2016. The Stamp Duty (Amendment) Ordinance 2018 was passed by the Legislative Council in January this year for implementing this new measure. The Amendment Bill to plug the loophole of “acquisition of multiple residential properties under a single instrument” was also endorsed by the Legislative Council last week. The Government will, as always, continue to keep a close watch on the overall development of the property market.
10. Based on the latest projection as at end-December 2017, the supply of first-hand private residential property market for the coming three to four years is about 97 000 units. With the Government’s effort to increase housing land supply in a continual and orderly manner, we believe that the estimated supply of private residential housing will be maintained at a relatively high level in the next three to four years.
11. Chairman, I am pleased to answer policy-related questions from Members, while the Controlling Officers and my other colleagues would respond to questions relating to implementation matters and the use of financial resources.

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