

Doc Type	HA
Paper No	27/95
Title	Review of the Home Ownership and Private Sector Participation Schemes
CONTENTS	<p>PAPER NO. HA 27/95</p> <p>THE HONG KONG HOUSING AUTHORITY</p> <p>Memorandum for the Housing Authority</p> <p>Review of the Home Ownership and Private Sector Participation Schemes</p> <p>PURPOSE</p> <p>This paper informs Members of an overall review of the Home Ownership Scheme (HOS) and Private Sector Participation Scheme (PSPS).</p> <p>BACKGROUND</p> <p>2. At the last meeting of the Home Ownership Committee on 11 May, Members requested a comprehensive review of the HOS and PSPS, having regard to public concern over the quality, pricing and management of HOS/PSPS flats. The review will provide useful input to the Long Term Housing Strategy beyond 2001 on which the Secretary for Housing has undertaken to commence work before the end of the year.</p> <p>3. On 17 May, the Legislative Council (LegCo) passed a motion urging "the Government and the Housing Authority to conduct a comprehensive review of the HOS which should include (1) the number of flats produced and pace of production, (2) the ratio of HOS flats to public rental housing flats, (3) the pricing policy and method of mortgage repayment, (4) the construction materials used and maintenance and repair, (5) the system of management, and other relevant issues; and to submit a report on the review within six months". In the Administration's response, the Secretary for Housing supported the motion with a rider that the review might not be completed within six months. Nonetheless, the Administration undertook to report progress in six months' time.</p> <p>TERMS OF REFERENCE</p> <p>4. Against this background, we propose a review of the home ownership schemes with the following terms of reference -</p> <p>(a) To determine the future direction of the home ownership schemes, i.e. HOS and PSPS, which will include an assessment of the demand and supply of flats for sale, the ratio of production of home ownership to rental flats, and measures to promote home ownership.</p>

(b) To review the terms of sale and resale, covering the pricing formula, resale restrictions, mortgage and financing.

(c) To propose measures to enhance quality assurance through design and specification, feedback on user expectations and satisfaction, selection and management of contractors, and maintenance and defects liability.

(d) To examine ways of improving the private sector participation scheme, in terms of the selection of developer, project monitoring and quality control, and management of non-domestic properties.

(e) To assess the effectiveness of the existing modes of management of HOS/PSPS flats and recommend improvements.

DIVISION OF RESPONSIBILITY

5. The overall development of home ownership (item (a) above) is a strategic policy issue which requires a coordinated approach on demand assessment, land supply, the pace of production, the interface between public and private housing, and the correlation between HOS/PSPS and rental housing production. It is one of the key elements of the LTHS which the Secretary for Housing has undertaken to review at the end of 1995 and consult the public when ready. We therefore propose to work with the Housing Branch on this part of the HOS/PSPS review. Members will be consulted on their general views at an appropriate time, so as to provide the necessary input to the LTHS review.

6. Items (b) to (e) of the terms of reference concern existing policies and practices in the implementation of the HOS/PSPS. We propose that the Home Ownership Committee should oversee this part of the review and coordinate the views of other relevant HA Committees. For example, matters on quality assurance will be referred to the Building Committee (BC) for advice, and the Establishment and Finance Committee may have to be consulted on proposals relating to mortgage and financing.

7. The Department has set up a steering committee to conduct the review, conferring with other government departments where necessary, e.g. regarding land grants for PSPS development. We shall draw reference from past cases, opinion surveys, and private sector practice. Proposals will be submitted to the relevant HA Committees for approval, as and when one aspect of the review is completed.

TIMETABLE

8. We aim to complete work on items (b) to (e) of the terms of reference in six to nine months. On conclusion of the HOC's review, a full report will be produced and submitted to the Housing Authority for formal endorsement, and to LegCo through the Housing Branch.

ADVICE SOUGHT

9. Members are invited to note the contents of this paper.

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