

Minutes of the Housing Authority HOME OWNERSHIP COMMITTEE held on Monday, 17 March 1997.

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PRESENT

Mr Walter CHAN Kar-lok (**Chairman**)
Hon Dame Rosanna WONG, DBE, JP
Hon FUNG Kin-kee
Ms SIU Yuen-sheung
Mr J A MILLER, JP (Director of Housing)
Mr WONG Wah-keung
Mr MA Ching-yuk, JP
Dr Rebecca CHIU Lai-har
Mr WONG Kwun
Mr HO Hei-wah
Mr Parrish NG Ching-man (Principal Assistant Secretary for Housing/2)
Mr Marco M H WU, JP (Deputy Director/Housing Management)
Mr CHAN Yui-loon (Senior Assistant Director/Housing Administration)

ABSENT WITH APOLOGIES

Mr LEUNG Chun-ying
Mr Nicholas BROOKE, JP
Hon LEE Wing-tat
Dr Joseph LIAN Yi-zheng
Mr LAU Kwok-yu (Out of Hong Kong)
Mr NG Leung-sing
Ms Jennifer CHOW Kit-bing
Mr Gareth WILLIAMS
Mr Ambrose CHEUNG Wing-sum, JP (Out of Hong Kong)
Mr HUI Yung-chung, JP
Mr WONG Kwok-hing (Out of Hong Kong)

IN ATTENDANCE

Mr CHAN Kam-man, JP (Housing Authority Member)
Mr R J Avon (Deputy Director/Finance)
Mr Simon P H LI, MBE, JP (Senior Assistant Director/Estate Management)
Mr Y C CHENG (Assistant Director/Policy)
Mr K T POON (Assistant Director/Information and Community Relations)
Mr H T FUNG (Assistant Director/Applications and Home Ownership)
Mr Simon P S LEE (Legal Adviser)
Mr S Y WONG (Chief Estate Surveyor/Home Ownership Scheme)
Mr Y K CHENG (Chief Housing Manager/Applications)
Miss Hazel IP (Senior Publicity Officer/Marketing)
Mr K L WONG (Senior Assistant Committees' Secretary/1) (**Secretary**)

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I N D E X

PARAGRAPH

ITEMS FOR DISCUSSION

1-13 Long Term Housing Strategy Review -
Home Purchase Loan Scheme (HPLS)
(Paper Nos. HOC 24/97 and LTHS 6/97)

ANY OTHER BUSINESS

14-22 Sales of HOS/PSPS Flats after expiry of the 10 year
alienation restriction period

23 Mixed Development

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Mr CHAN Kar-lok opened the meeting at 12:30 p.m. Apologies for absence were received from Mr LEUNG Chun-ying, Mr Nicholas BROOKE, the Hon LEE Wing-tat, Dr Joseph LIAN Yi-zheng, Mr LAU Kwok-yu (out of Hong Kong), Mr NG Leung-sing, Ms Jennifer CHOW Kit-bing, Mr Gareth WILLIAMS, Mr Ambrose CHEUNG Wing-sum (out of Hong Kong), Mr HUI Yung-chung, and Mr WONG Kwok-hing (out of Hong Kong).

ITEMS FOR DISCUSSION

(Agenda Item 1) **Long Term Housing Strategy Review
- Home Purchase Loan Scheme (HPLS)**
(Paper Nos. HOC 24/97 and LTHS 6/97)

1. Mr H T FUNG presented the paper.
2. **Dr Rebecca CHIU** had reservation on the statement that HPLS was the cheapest form of housing subsidy in view of other income generating initiatives like HOS and PSPS. She considered that expansion of the scheme should be withheld until policies on other initiatives and their financial implications had been finalized. In any event, she agreed that the scheme was relatively quick and easy to implement.
3. **Mr J A MILLER** reminded Members that the purpose of the paper was to seek Members' view on whether the HPLS, as a cost effective approach, should be expanded in the long run.
4. **Mr Y K CHENG** informed that as compared with the number of approval in principle granted, the actual take up rate was on the low side. Of the approved quota of 7,000 applications, the unspent quota as at date of meeting still stood at 1147. He considered the existing quota adequate.
5. **Ms SIU Yuen-sheung** agreed that the scheme should not be expanded because of related financial implications. The demand during the year should, however, be monitored.

6. **Mr WONG Kwun** considered that the scheme would not only affect the HA's existing initiatives for home ownership e.g. the sale of rental flats, but would also push up prices in the private property market as it would create demand which otherwise would not exist. In view of the high prices in the property market, further expansion of HPLS at this stage was not supported.

7. **Mr FUNG Kin-kee** noted that the present quota was already adequate to meet existing demand. Moreover, in view of the limited supply of flats in the private sector, the demand should not be boosted at this stage.

8. **Mr WONG Wah-keung** agreed that the expansion of the scheme should be withheld until the effectiveness of other initiatives could be evaluated. In the long run, the scheme should help reduce the queue for HOS and PRH.

9. **Mr Marco WU** said that the scheme would provide one more choice alongside other initiatives for applicants' consideration. The compatibility of the various initiatives would be duly considered. The Department was also considering a different form of assistance like subsidizing the payment of interest rather than the principal so that more applicants could be benefited.

10. **Mr HO Hei-wah** supported the way forward as proposed by the LTHS Review. Appropriate expansion of the scheme in future would encourage the private developers to play a more important role in the supply of housing. At present, the number of quota would need to be monitored having regard to existing demand.

11. In reply to the Chairman's enquiry, **Mr Avon** informed that loan repayments had already been reflected as net cost of HPLS in the budget for 1996/97, the repayments had amounted to \$300m. The Department was currently examining ways whereby expansion of the scheme would not have adverse impact on the HA's finance. In deciding whether the scheme should be expanded, the cost effectiveness of the scheme and the increased public choice were important consideration.

12. **Mr MA Ching-yuk** agreed that there was no need to expand the scheme at present as the existing quota had proved adequate. As the scheme could reduce the pressure on PRH and was cost effective, it should be expanded in the long run.

13. With a consensus on the continuous operation of the HPLS in its existing scale until further review, Members noted the paper.

ANY OTHER BUSINESS

Item (1) Sale of HOS/PSPS Flats after expiry of the 10 year alienation restriction period

14. A paper on the sale of HOS/PSPS Flats after expiry of the 10 year alienation restriction period was tabled.

15. The Chairman explained the background of the paper and its aim to contain speculation of HOS flats.

16. In reply to Mr FUNG Kin-kee's enquiry, **Mr S Y WONG** said that the period for premium payment could be further reduced to one month. However, he considered one month unrealistically short for property transaction under normal market situation. The proposed period was worked out in the light of past experience.

17. **Mr FUNG Kin-kee** also proposed to impose restriction so that owners could only sign the formal Sale and Purchase Agreement after the payment of premium. With this restriction, the question of 'confirmor' would not arise.

18. While **Mr Simon LEE** advised that the suggestion would contravene existing provision of the Housing Ordinance, the Chairman considered that if more restrictions were imposed, this would be contrary to the fundamental principle of encouraging home-ownership.

19. **Miss Rosanna WONG** considered the existing speculative sales activities in HOS market a reflection of the overall property market. She did not therefore find it appropriate to impose restrictions on HOS market alone. In order to maintain the investment prospect of acquiring HOS flats, the proposal represented the best compromise.

20. **Ms SIU Yuen-sheung** considered the proposed period for premium payment as well as the proposed levy of administrative fee for application for re-assessment in order. Further reduction in the proposed period might have resources implications.

21. Discussion then ensued on whether the validity of the assessment should tie in with the proposed period of payment and whether the three month period beyond which the administrative fee for re-assessment became payable should count from the date of the owner's original application or from the date of the premium advice. The meeting felt that it would be difficult to justify as to why reassessment was required, which also called for the payment of a fee, in only 1½month's time. Members therefore preferred that while the assessment might be valid for only 1½month, owners would be entitled to one free re-assessment within three months from the first premium application.

AD/AHO 22. **Miss Rosanna WONG** noted and appreciated the Department's efforts in coming up with the present proposal within a short period of time. As complex technical details were involved, she proposed and the **Chairman** agreed that Department should evaluate the technicality of the proposal in the light of the concerns raised and submit a revised proposal by circulation for Members' consideration. Press release should also be arranged upon implementation.

Item (2) Mixed Development

23. In response to Dr Rebecca CHIU's enquiry, the **Chairman** informed that the issue about mixed development will be discussed by the

Action

- 8 -

Development Committee. As requested, relevant papers will be distributed to HOC members for information.

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24. There being no other business, the meeting closed at 1:20 p.m.

CONFIRMED on

Walter CHAN Kar-lok
(Chairman)

K L WONG
(Secretary)