

THE HONG KONG HOUSING AUTHORITY

Memorandum for the Subsidised Housing Committee

Recurrent Survey on Home Ownership Scheme 2003

PURPOSE

This paper presents the findings of the Recurrent Survey on Home Ownership Scheme¹ (HOS) conducted in 2003.

BACKGROUND

2. To support on-going policy reviews and formulation, the Statistics Sections have been conducting two regular surveys on HOS households, viz, Recurrent Survey on HOS and Survey on Buyers of Secondhand HOS Flats, since 1992 and 1997 respectively. The Recurrent Survey on HOS is an annual survey to collect information about the socio-economic profiles of, and opinions from, households living in HOS flats. The Survey on Buyers of Secondhand HOS Flats² is a biennial survey which aims at soliciting information about the characteristics of new buyers of secondhand HOS flats in the open market (OM) and the secondary market (SM)³.

3. In 2003, the Survey on Buyers of Secondhand HOS flats was merged with the Recurrent Survey on HOS. A sample of 3 000 households living in HOS flats, including 1 000 secondhand HOS flat purchasers⁴ between April 2001 and March 2003, was selected. The response rate was 85%.

¹ According to the survey design, HOS flats refer to all those flats sold by Hong Kong Housing Authority in HOS sale exercises, i.e., HOS, Private Sector Participation Scheme (PSPS), Middle Income Housing Scheme (MIHS), Buy or Rent Option Scheme (BRO) and Mortgage Subsidy Scheme (MSS) flats, but excluding flats sold under the Tenants Purchase Scheme (TPS).

² The Survey on Buyers of Secondhand HOS flats was conducted annually from 1997 to 1999. Since 2001, it has been conducted biennially.

³ There are two HOS markets, namely the OM and the SM. The OM is opened to all parties provided that the original owners have paid the necessary premium to the Housing Authority after five years from the date of first assignment. Flats sold prior to HOS Phase 3B can also be traded in the OM. With the introduction of the SM in mid-1997, HOS flat owners can sell their flats to sitting or potential public rental housing tenants without the payment of premium after two years from the date of first assignment.

⁴ According to the survey design, secondhand HOS flat buyers refer to those who purchased HOS flats during the period from April 2001 to March 2003, either in the HOS OM or in the HOS SM. For the OM, transactions refer to those cases having the agreement for sale and purchase registered in the Land Registry (LR) (transaction date refers to the date of delivery). This treatment is in line with the counting method adopted in LR for residential property transactions. For the SM, transactions refer to those cases having the Letter of Nomination (LN) secured as recorded in HA's administrative record (transaction date refers to the date of LN issued).

ANALYSIS

4. Our analysis focuses on the following two areas -
 - (a) characteristics of households living in HOS flats. A comparison is made on the socio-economic characteristics of households living in HOS flats that can be traded in the OM⁵ with those living in other HOS flats (which we refer to as ‘subsidised sale flats (SSF)’ in this paper); and
 - (b) characteristics of secondhand HOS flat buyers. A comparison is made between the secondhand HOS flat buyers in the HOS OM and those in the HOS SM. To facilitate trend analysis, the relevant findings from previous rounds of survey are also presented.

SURVEY RESULTS

(a) Characteristics of Households Living in HOS Flats

Household Characteristics

5. In comparison, households living in SSF had larger household size and smaller living space per person than those living in HOS OM flats. Besides, it is noted that 13% of the OM flats were not occupied by the flat owners.

6. As regards their household income, households living in HOS OM flats generally had higher household income than those living in SSF. The median monthly household incomes for the two groups of household were \$20,000 and \$18,200 respectively. As far as their affordability is concerned, the median mortgage payment and median mortgage-to-income ratio for households living in HOS OM flats were \$6,300 and 28.0% respectively, which were higher than those living in SSF, at \$5,500 and 26.7% respectively.

⁵ HOS flats that can be traded in the OM refer to HOS flats sold prior to HOS phase 3B or HOS flats having paid off premia. From 1st Quarter 2002 onwards, HOS flats that can be traded in OM are classified as private permanent housing and are excluded from subsidised sale flats.

Table 1: Socio-economic Characteristics of HOS Households (as at March 2003)

	Households in HOS OM Flats	Households in SSF
Household size (persons)		
1-2	36%	24%
3-4	53%	62%
5 or above	11%	14%
Total	100%	100%
Average household size	3.1 persons	3.4 persons
Living space per person (m² saleable area)		
below 10	14%	13%
10 -<20	61%	66%
20 or above	25%	21%
Total	100%	100%
Average living space per person	17.6 m ²	16.7 m ²
Tenure		
owner occupier with mortgage	53%	56%
owner occupier without mortgage	33%	41%
tenant/rent free	13%	3%
Total	100%	100%
Monthly household income (\$)		
less than 10,000	18%	17%
10,000 - <20,000	32%	37%
20,000 or above	51%	46%
Total	100%	100%
Median monthly household income	\$20,000	\$18,200
Median monthly mortgage payment <i>(for owner-occupiers with mortgage only)</i>	\$6,300	\$5,500
Median mortgage-to-income ratio <i>(for owner-occupiers with mortgage only)</i>	28.0%	26.7%

Note: Percentages may not add up to total due to rounding.

Opinions on estate management issues

7. As compared with the findings in previous years, a higher proportion of households were satisfied with the quality of security services, security officers' sense of responsibility, cleanliness and hygienic conditions of common area and maintenance-related services. Among these four estate management issues, the improvement in residents' satisfaction level on cleanliness and hygienic conditions of common area was the most significant.

The proportion of satisfied households rose from 62% in 2002 to 70% in 2003. Among the households who expressed dissatisfaction with this aspect, the main area of dissatisfaction was “cleanliness of common area inside building” (50%). The details are given in Table 2 below.

Table 2: Opinions on Estate Management Issues and Activities

	2001	2002	2003
Views on quality of security services			
Very satisfied / satisfied	65%	69%	72%
Moderate	29%	28%	25%
Dissatisfied / very dissatisfied ^(c)	6%	3%	3%
-Entrance control	<i>N.A.</i>	53%	51%
-Performance of security guards	<i>N.A.</i>	22%	24%
-Frequency of patrolling	<i>N.A.</i>	6%	13%
Views on security officers' sense of responsibility			
Very satisfied / satisfied	67%	69%	73%
Moderate	28%	28%	24%
Dissatisfied / very dissatisfied ^(c)	5%	3%	3%
- Handling and follow-up of enquiry / complaints procedure	<i>N.A.</i>	12%	31%
- Bad working attitude	<i>N.A.</i>	38%	25%
- Working efficiency	<i>N.A.</i>	26%	22%
- Performance in Handling complaints	<i>N.A.</i>	19%	22%
Views on cleanliness and hygienic conditions of common area			
Very satisfied / satisfied	60%	62%	70%
Moderate	30%	31%	23%
Dissatisfied / very dissatisfied ^(c)	10%	7%	7%
<i>Cleanliness of common area</i>			
- Inside building	<i>N.A.</i>	60%	50%
- Area outside building	<i>N.A.</i>	27%	36%
- Arrangement of daily refuse collection	<i>N.A.</i>	8%	10%
Maintenance-related Services			
Very satisfied / satisfied	33%	50%	52%
Moderate	41%	39%	37%
Dissatisfied / very dissatisfied ^(c)	26%	11%	11%
- Maintenance of facilities inside building	<i>N.A.</i>	27%	35%
- Quality of work	<i>N.A.</i>	37%	30%
- Waiting time for repair	<i>N.A.</i>	28%	20%
- Maintenance of outdoor facilities in estate	<i>N.A.</i>	8%	13%

Notes: (a) “N.A.” denotes data not available as such statistics were not collected prior to the 2002 survey.

(b) Figures covered all households living in HOS flats.

(c) For those who were dissatisfied/very dissatisfied with the estate management issues, they were further asked a main aspect of dissatisfaction. Figures in italic were the respective proportions for major areas of dissatisfaction.

(b) Characteristics of HOS Secondhand Flat Buyers

Household Characteristics

8. On average, the HOS secondhand flat buyers in the SM were older than those in the OM. For OM flat buyers over the period July 2001 to March 2003, about half of them formed new households after purchasing the flats. The proportion of buyers forming new households was lower among buyers in the SM, at 28% only.

9. Generally speaking, the living space per person for purchasers in the OM was larger than that for purchasers in the SM. The average living space per person for purchasers in the OM and in the SM were 19.5 m² and 17.7 m² saleable area respectively over the period July 2001 to March 2003. However, the improvement in living space per person was more conspicuous for purchasers in the SM than those in the OM, as over 80% of the SM buyers lived in public rental housing previously (see paragraph 11 below).

10. For those buyers purchased HOS flats over the period July 2001 to March 2003, the median monthly household incomes of buyers in the OM and in the SM were quite close, at \$19,000 and \$19,800 respectively. The slightly lower income for OM flat buyers could be attributable to the fact that buyers of higher income group might purchase other private flats instead of the HOS OM flats. Along with the drop in the price of residential properties and mortgage rate during the past few years, the median mortgage-to-income ratios for buyers in the OM slipped from 33% during the period July 1997 to June 1998 to 24% during the period July 2001 to March 2003.

11. The majority (81%) of the purchasers in the SM lived in public rental housing previously while most (58%) of the purchasers in the OM lived in private housing previously. The means of disposal of previous flats were very different between the two groups of buyers. The details are given in Table 3 below.

Table 3: Household Characteristics (as at end of the period concerned)

	HOS secondhand flat purchasers									
	OM					SM				
	Jul96 – Jun97	Jul97 – Jun98	Jul98 – Jun99	Jul99 – Jun01	Jul01 – Mar03	Jul96 – Jun97	Jul97 – Jun98	Jul98 – Jun99	Jul99 – Jun01	Jul01 – Mar03
Average age of purchasers (years)	38	36	38	39	38	N.A.	43	42	44	44
Average household size (persons)										
- In previous accommodation	4.0	3.8	4.2	4.0	3.7	N.A.	4.2	3.9	3.9	3.7
- In existing accommodation	3.1	2.8	3.4	3.0	2.7	N.A.	3.8	3.7	3.5	3.3
% of forming new households	35%	37%	35%	41%	51%	N.A.	21%	14%	23%	28%
Average living space per person (m² saleable area)										
- In previous accommodation	14.2	14.6	11.3	12.5	13.9	N.A.	7.9	8.2	9.3	9.7
- In existing accommodation	17.0	18.8	15.2	17.8	19.5	N.A.	14.5	14.5	15.9	17.7
(improvement)	(+20%)	(+29%)	(+35%)	(+42%)	(+40%)	N.A.	(+84%)	(+77%)	(+71%)	(+82%)
Median monthly household income (\$)	34,900	40,000	30,300	25,000	19,000	N.A.	32,000	24,800	21,500	19,800
Median monthly mortgage^(a) payment (\$) <i>(for buyers with mortgage only)</i>	10,400	13,000	9,000	7,200	4,600	N.A.	12,000	8,000	7,100	5,000
Median mortgage^(a)-to-income ratio (%) <i>(for buyers with mortgage only)</i>	28%	33%	30%	30%	24%	N.A.	37%	31%	32%	24%

Table 3 (Continue): Household Characteristics (as at end of the period concerned)

	HOS secondhand flat purchasers									
	OM					SM				
	Jul96 – Jun97	Jul97 – Jun98	Jul98 – Jun99	Jul99 – Jun01	Jul01 – Mar03	Jul96 – Jun97	Jul97 – Jun98	Jul98 – Jun99	Jul99 – Jun01	Jul01 – Mar03
Type of previous housing										
- Public rental housing	20%	17%	17%	18%	23%	N.A.	97%	94%	87%	81%
Average length of residence (years)	(13)	(12)	(13)	(11)	(15)		(13)	(12)	(14)	(13)
- Subsidized sale flats	23%	29%	23%	30%	18%	N.A.	-	1%	2%	5%
- Private housing	56%	50%	58%	52%	58%	N.A.	1%	4%	9%	14%
- Others	1%	4%	2%	< 0.5%	1%	N.A.	2%	1%	2%	1%
Disposal of previous flats										
- Sold	32%	46%	33%	18%	15%	N.A.	-	-	-	1%
- Given up	28%	13%	27%	35%	34%	N.A.	99%	99%	93%	90%
- Occupied by other family members	30%	32%	33%	35%	41%	N.A.	<0.5%	1%	4%	8%
- Vacant	4%	5%	4%	8%	6%	N.A.	-	-	-	1%
- Others	6%	4%	3%	3%	4%	N.A.	1%	-	3%	1%

Note: (a) Mortgage payment refers to the payment of bank loan and, where applicable, the payment of government loan; but excludes government mortgage subsidy.

(b) “N.A.” denotes not applicable as SM was introduced in June 1997 and the first transaction was recorded in July 1997.

Purchase Behavior

12. Purchasers in the OM and in the SM cited “aspiration for home ownership” (47%) and “small size of previous accommodation” (52%) as their main reasons for purchasing flats respectively.

Table 4: Top 3 Reasons for Purchasing Flats

	HOS secondhand flat purchasers									
	OM					SM				
	Jul96– Jun97	Jul97– Jun98	Jul98– Jun99	Jul99– Jun01	Jul01– Mar03	Jul96– Jun97	Jul97– Jun98	Jul98– Jun99	Jul99– Jun01	Jul01– Mar03
Aspiration for home ownership	22%	25%	53%	41%	47%	N.A.	26%	41%	29%	40%
Small size of previous accommodation	36%	32%	38%	48%	37%	N.A.	44%	61%	51%	52%
To improve living standard	37%	41%	46%	33%	26%	N.A.	58%	41%	57%	47%

Notes: (a) Each respondent can give a maximum of 3 reasons.

(b) “N.A.” denotes not applicable as SM was introduced in June 1997 and the first transaction was recorded in July 1997.

13. For HOS SM flat buyers, “able to use Home Purchase Loan Scheme (HPLS)/Home Assistance Loan Scheme (HALS)” (47%) and “more districts/flats are available for selection” (45%) were their two main reasons for not purchasing new HOS flats⁶.

Table 5: Top 3 Reasons for Not Purchasing New HOS Flats

	Purchasers in HOS SM			
	Jul 97 – Jun 98	Jul 98 – Jun 99	Jul 99 – Jun 01	Jul 01 – Mar 03
Able to use HPLS/HALS	N.A.	58%	70%	47%
More districts/flats are available for selection	31%	58%	33%	45%
No suitable flats for consideration	3%	17%	21%	18%

Notes: (a) Each respondent can give a maximum of 3 reasons.

(b) “N.A.” denotes not applicable as eligible purchasers were only allowed to apply for HPLS to purchase SM flats since July 98.

14. For HOS OM flat buyers, “lower flat price of HOS flats compared with private flats” (80%) was their main reason for not purchasing private flats.

⁶ As mentioned in paragraph 3 of the paper, the secondhand HOS flat purchasers selected for the survey covered those who purchased secondhand HOS flats between April 2001 and March 2003. Although the sale of HOS flats has ceased since 2003, most of the respondents for the survey still had opportunity to purchase new HOS flats when they decided to purchase secondhand HOS flats.

Table 6: Top 3 Reasons for Not Purchasing Private Flats

	Purchasers in HOS OM				
	Jul 96 – Jun 97	Jul 97 – Jun 98	Jul 98 – Jun 99	Jul 99 – Jun 01	Jul 01 – Mar 03
Lower flat price of HOS flats compared with private flats	77%	68%	87%	68%	80%
Cannot afford private flats	41%	31%	46%	55%	32%
Better flat design	10%	12%	18%	14%	15%

Note: Each respondent can give a maximum of 3 reasons.

INFORMATION

15. This paper is issued for Members' information.

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