

**Address by
H.E.The Governor
Sir Murray MacLehose,
G.B.E., K.C.M.G., K.C.V.O.,
at the opening session
of the Legislative Council**

5th October, 1977

(extract on Housing)

Copyright

This document should not be reproduced without the express approval of the Hong Kong Government and that permission can be applied for by writing to the Director of Information Services (<http://www.info.gov.hk/isd/>)

Hong Kong Government Information Services

(9) HOUSING

Construction programme

89 I am glad to say that the housing programme is now in top gear. 47 site formation piling and building contracts will be let this financial year – three times the number of last year. From 14,000 flats this year completion will rise to 20,000 next year and to over 40,000 in 1979/80 with capacity for about 250,000 people. This is the annual figure on which I have long had my eye. It is only at this sort of level that we can make the decisive and rapid inroads into the housing problem for which we have worked and waited so long. About five or six years of this rate of completion should break the back of the problem as we have known it. Sites have, therefore, been allocated, and every step for each estate in the long process from site clearance to building completion has been planned and timed so that this level of output can be maintained at least until 1984/85, and so that any slippage in the programme can be detected early and rectified. This is a prodigious amount of housing by any standards, and it will certainly change Hong Kong, but I think we all agree that in this respect Hong Kong needs changing.

Finance and rents

90 In June this year Hon. Members approved new financial arrangements for the Housing Authority. Under these the Authority's outstanding debts to Government were converted into a straight Government contribution assessed conservatively at more than \$5,000 M. in future, for the rented housing programme, land will be provided interest free and repaid over 40 years. On the other hand, the grants paid by the Government to cover the recurrent deficits on Group B estates have been withdrawn.

91 The main object of these arrangements is to enable the Authority to exercise greater flexibility over rents particularly in the new estates. It is the latter that have attracted criticism, most of it misguided. I wish to assure public housing tenants and the public that the Housing Authority accepts its obligation to provide decent housing for low income groups at rents they can afford. In the urban areas this is possible because the Authority has under its control a large stock of flats of varying sizes, quality and rentals. Through mutual exchange and transfer schemes it is now possible for public housing tenants to move much more freely than before to districts and flats of their own choice and for the Authority to offer a much wider range of flats to new tenants.

92 In the New Towns, where public housing estates consist almost entirely of new improved types, the Government and the Authority realize there must be a range of accommodation and rents that will cater for all low income households above the public assistance level, without placing excessive burdens on the taxpayer.

Home Ownership Scheme

93 The figures for housing completions I have given include those for the Home Ownership Scheme. It is proposed to build 42,000 flats for sale over the next 9 years. This programme envisages the completion of 8,500 in 1979/80 and between 5 and 6,000 in each of the successive years to 1985/86. They will vary in size between 400 and 600 sq. ft. Negotiations are also well in hand with real estate developers for an experimental Private Sector Participation Scheme.

94 They will be sold to eligible buyers at prices below those prevailing in the open market. On the strength of a Government partial guarantee against default, special mortgage arrangements have been negotiated with leading banks which will provide for a standard repayment period of 15 years, interest rates between 7 1/2 and 9%

and a minimum down payment of 10% of the sale price. These arrangements compare very favourably with open market terms.

95 Initially, eligible household will be those earning up to \$3,500 a month, and public housing tenants who are willing to surrender their existing tenancies irrespective of income. Other rules of eligibility and disqualification will be announced shortly. Applications for flats in the first six estates will be invited from members of the public early next year.

96 I wish to congratulate the Financial Secretary and the working party on having taken the scheme to this advanced stage. I am confident that it will be a success and will meet a need felt by many for the sense of security that home ownership confers.