

**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
on October 6, 1976
(extract on Housing)**

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HOUSING

Housing

First of all Housing. Our target is self-contained housing in a decent environment for all within the means of all, by the early '80s.

Housing "for all" is a question of quantity. Only when we are able to provide new homes for about 200,000 people a year in the public sector will we be making the kind of impact we set out to do. In this and the next financial year we will still be under the influence of restraints imposed during the recession, and taking all Government-financed housing together, including that of the Housing Authority and the Housing society, completions in these two years will house about 97,000 and 109,000 persons respectively. But in 1978/79 the figures will rise dramatically to 170,000 and 224,000 in '79/80. Thereafter figures well over the 200,000 mark will be maintained. The land is earmarked, the Housing Department will have the design and construction capacity, we have the finance, many of the relevant contracts are already let. The back of the problem should be broken by '84, provided all concerned maintain the pressure necessary to keep on our targets.

None of us like the present housing situation in Hong Kong, the length of the waiting list, the numbers in the oldest type estates, in resite areas or squatter settlements or bed-spaces. Our only defence can be that we are making the maximum effort to end it that is physically and administratively possible. With the recession behind us, this I believe at last to be the case.

Housing "within the means of all" is a question of standards, costs and rents on the one hand and incomes on the other. The rents charged in the newest estates are not more than half of private sector rents and usually less, and I should add that to ensure this housing fulfils its social purpose this degree of subsidization will be maintained. These rents are within the means of most of those eligible, but they are beyond the means of a minority. This is not the case in the old estates whose rents are very much lower – as also are standards. I am sure we should not drop standards in the new estates and in fact should rather seek to raise them without of course reducing the numbers to be rehoused. I am equally convinced that housing must continue to be available within the means of all, or a significant element in the social cohesion of Hong Kong will be lost. The course being followed by the Authority is to facilitate the movement from old to new estates of those able to pay the higher rents and thus make room for those who are not. The slow raising of the exceptionally low rents in the old estates which were static for so long, and still are only between a quarter and a seventh of comparable private rents is in line with the general aim of providing housing within the means of all. I say this because I believe the justice of slowly raising them is generally accepted, though it is certainly our intention that they should remain very low in comparison with private rents. As for new estates which will be occupied in the next few years, we hope that more stable contract prices will allow their initial rents to be stabilized at the present levels. Given that the Housing Authority caters for families with a wide range of incomes it seems to fix rents for new estates at a level which avoids excessive subsidy for the majority of eligible families, since they can afford these levels. This means that special arrangements must be made for the minority who cannot afford them but whose housing problem must be solved. The Authority's policy is framed to meet this problem, and the Authority will keep a close watch on it and do everything possible everybody within their means, The Government stands ready to play its part if necessary.

Home Ownership

Hon. Members may recall that in this year's budget speech the Financial Secretary announced the Government's intention of boosting production by building an additional 30,000 flats for sale at an average rate of 5,000 flats a year to provide additional accommodation for some 180,000 people. The additional sites have been found and the first instalment of 5,000 flats will be ready for sale in '79/80 and further instalment will then follow each year. These flats are included in the figures I have already given.

The original intention was to sell them only to persons already in housing estates so as to make room in rented accommodation for others in more need. However, after careful thought I reached the conclusion that promotion of home ownership is such a desirable social objective in its own right that the scheme needed broadening, and also that the financial issues involved were so complex that considerable drive would be needed if they were to be solved sufficiently fast.

Accordingly, after much preliminary work had been done, at the end of July I set up a working party on home ownership under the chairmanship of the Financial Secretary with the task:

firstly of working out a practical scheme for persons within and also immediately above the income limits of eligibility for public housing; and

secondly to recommend how and by whom the scheme should be managed.

Production to be undertaken by the Housing Department.

It will not be easy to devise mortgage facilities tailored to the circumstances of people of the income ranges we have in mind, but I am confident it will be possible. I hope that the arrangements which the Financial Secretary's working party will devise will be the beginning of a large-scale non-profit-making scheme of home ownership within the public sector. Home ownership, with the security it offers, is clearly the goal of very many of our people. I hope therefore that this initiative will commend itself to Hon. Members and that the financial provisions that will eventually be put to them will command their support.

The private Sector

Private developers have a very important contribution to make to our housing situation, and I am very pleased to note their return to great activity. It looks as if for the rest of the 70's they will be completing an average of 20, 000 flats each year. Hon. Members, this means that between now and 1980 the public and private sectors together should have produced new homes for about a million persons.