



17 September 2010

By Email & Post

Transport and Housing Bureau
16/F, Murray Building
Garden Road
Central
Hong Kong

Dear Sirs,

Public Consultation on Subsidising Home Ownership

The Housing Policy Panel of the Hong Kong Institute of Surveyors would like to offer its views in relation to the recent Public Consultation on Subsidising Home Ownership conducted by the Transport and Housing Bureau.

We are of the view that housing subsidy, similar to other forms of means-tested subsidy provided by the Government, is a form of income redistribution to help the needy households. As such, it should meet with some generally accepted criteria. First, there should be a suitable system for allocating the housing subsidy, say based on the needs of the persons to be subsidized. Allocation by balloting, which is purely a luck mechanism without regard to the differences in the financial situations of individual applicants, is unfair. Second, the level of subsidy should ideally be based on recipient's financial condition rather than a across the board level of subsidy for all recipients. Third, the subsidy should be given only when the need still exists i.e. the subsidy should not be perpetual and there must be a mechanism for discontinuing the subsidy when the financial situation of the recipient has improved to a level that make him/her no longer qualified for the subsidy. In addition to the said 3 criteria, the cost of administering the housing subsidy scheme should also be taken into consideration when the viability of a particular form of housing subsidy is assessed.

.../2



Based on the criteria mentioned above, we find that the home ownership related subsidies stated in the consultation paper, including the Home Ownership Scheme (HOS) are far from satisfactory. Therefore, if the Government is prepared to re-launch the HOS, we hope that the scheme will be modified in such a way that it can fulfill the 3 criteria we have mentioned above. For example, the allocation may be based on a points system rather than purely on balloting; and the discount in flat price, which is perpetual in nature, may be replaced by a subsidised interest-bearing loan which must be repaid when the income/asset of the recipient has reached a certain level. Of course, the quoted examples are not the only means for fulfilling the said criteria, and other suitable and viable means should also be explored.

Meanwhile, we believe that a good housing policy should have long term objectives and supported by other policies, particularly land policy. As such, we suggest that a long term housing policy be formulated, monitored and coordinated by a cross-Bureau unit that includes the Transport and Housing Bureau, Development Bureau and possibly other Bureaus so that a coherent longer term policies can be supported by the coordinated efforts of various Government departments/offices. We also suggest that an advisory body with relevant professionals, academics and other stakeholders be set up to provide advice to this cross-Bureau unit.

Should you consider further discussion on the subject issue or other housing policies is necessary, please free feel to let us know.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'K W Chau', is written over a horizontal line.

K W Chau
President

The Hong Kong Institute of Surveyors

cc The Hon Patrick Lau, Legislative Councillor (Fax no.: 2417 9155)
Mrs Carrie Lam, Secretary for Development (Fax no.: 2151 5303)