

The Chief Executive's 2018 Policy Address: Striving Ahead Rekindling Hope

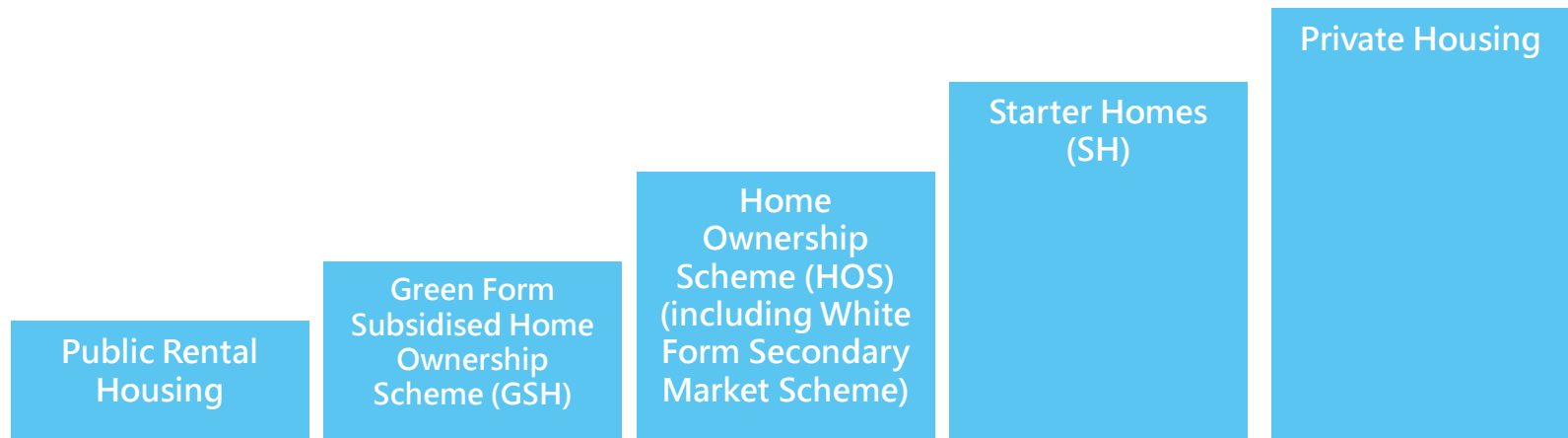
Rekindling the hope of people for their housing aspirations

2017 Policy Address: Four elements of the housing policy

- 1 Housing is not a simple commodity, the Government has an indispensable role to play
- 2 Strive to build a housing ladder for families in different income brackets
- 3 Focus on supply and increase the supply of housing units
- 4 Optimise existing housing resources to help residents in poor living conditions

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The most important new housing initiative announced in June 2018:



Revised the pricing mechanism of subsidised sale flats (SSFs); selling prices have been **delinked** from market prices of private flats; they are determined primarily with reference to the affordability of applicants

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Comparison on home purchase affordability for private housing, HOS and GSH flats

-  The index of home purchase affordability in the second quarter of 2018 is 74%. This means, for a family with monthly household income of about \$35,000[#], it has to use **74% of its income** on mortgage payment for a **flat in the private market** with 45 square metres saleable area (assuming a loan-to-value (LTV) ratio of 70%, a mortgage interest rate of 2.4% per annum and a 20-year repayment period).
-  But if the same family purchases a median-priced flat in the 2018 HOS sales exercise with a mortgage plan commonly used by successful HOS applicants*, it only has to use **32% of its income** on mortgage payment for a flat in **Hoi Lok Court in Cheung Sha Wan (about \$2.8 million) and Kai Long Court in Kai Tak (about \$2.8 million)**. If a flat in **Yu Tai Court in Tung Chung (about \$1.9 million)** is purchased, only **22% of its income** has to be used on mortgage payment.
-  If a median-priced flat in the **GSH project on Tonkin Street (about \$2.4 million)** (price list is not yet available) is purchased, and a mortgage with LTV ratio of 95% can be obtained, the monthly **mortgage payment** is estimated to be about **\$10,000**.

Notes: [#] This level of income is approximately the median household income in the second quarter of 2018, excluding the households living in public rental housing and public temporary housing.

* The mortgage plan commonly used by HOS applicants has a LTV ratio of 90% and 25-year repayment period, assuming a mortgage interest rate of 2.375% per annum.

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Home Purchase Affordability for SH Pilot Project

- ✓ SH targets at families with higher income (a monthly income of between \$57,001 and \$74,100 for households with two or more persons)[#]. If a family with a monthly income of \$70,000 purchases a **median-priced flat* of SH pilot project at Ma Tau Wai Road (about \$5.9 million)**, the family will use about **34% of its income** on mortgage payment, assuming that it can obtain mortgage of 90% LTV ratio at a mortgage interest rate of 2.375% per annum under a 25-year repayment period.

Notes: [#] Qualifying income requirement for SH is estimated with reference to the income limits under the 2018 HOS sales exercise.

* Estimated selling prices as price list of SH is not yet available.

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**SSFs are now affordable to the target households.
The pressing problem is finding land.**

The following land policies are stated in the 2018 Policy Address:

- 1 develop land resources in a persistent manner
- 2 allocate more land to public housing development[#], and increase the ratio of public housing
- 3 70% of housing units on Government's newly developed land will be for public housing

Notes: [#] As announced in June 2018, nine private housing sites will be reallocated for public housing development, producing 10 600 units.

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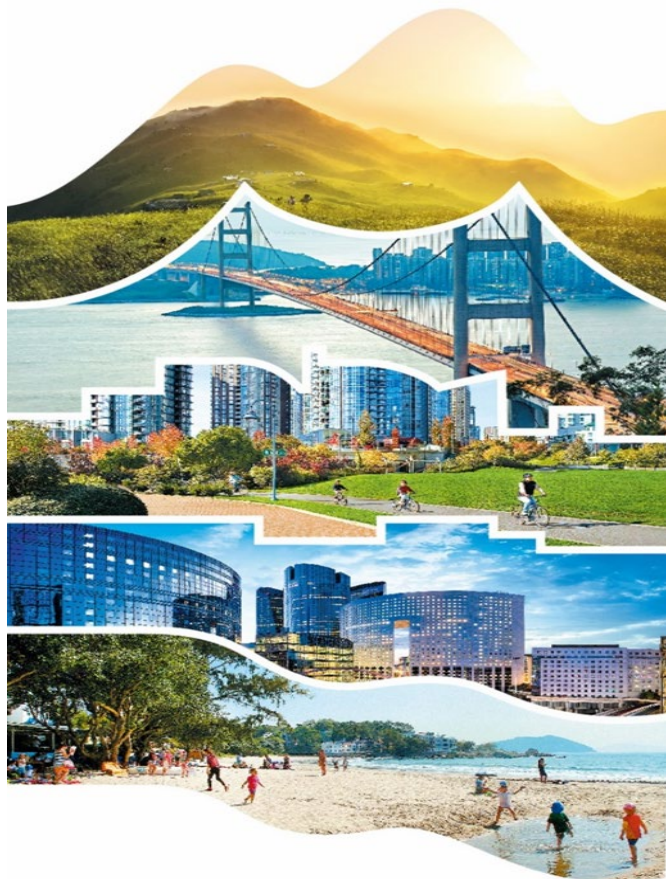
Lantau - “Double Gateway” to the World and Greater Bay Area



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Lantau Tomorrow Vision - 5 Policy Directions



Increasing leisure and entertainment facilities
to promote a healthy lifestyle

According priority to transport infrastructure,
reinforcing advantages of a "Double Gateway"

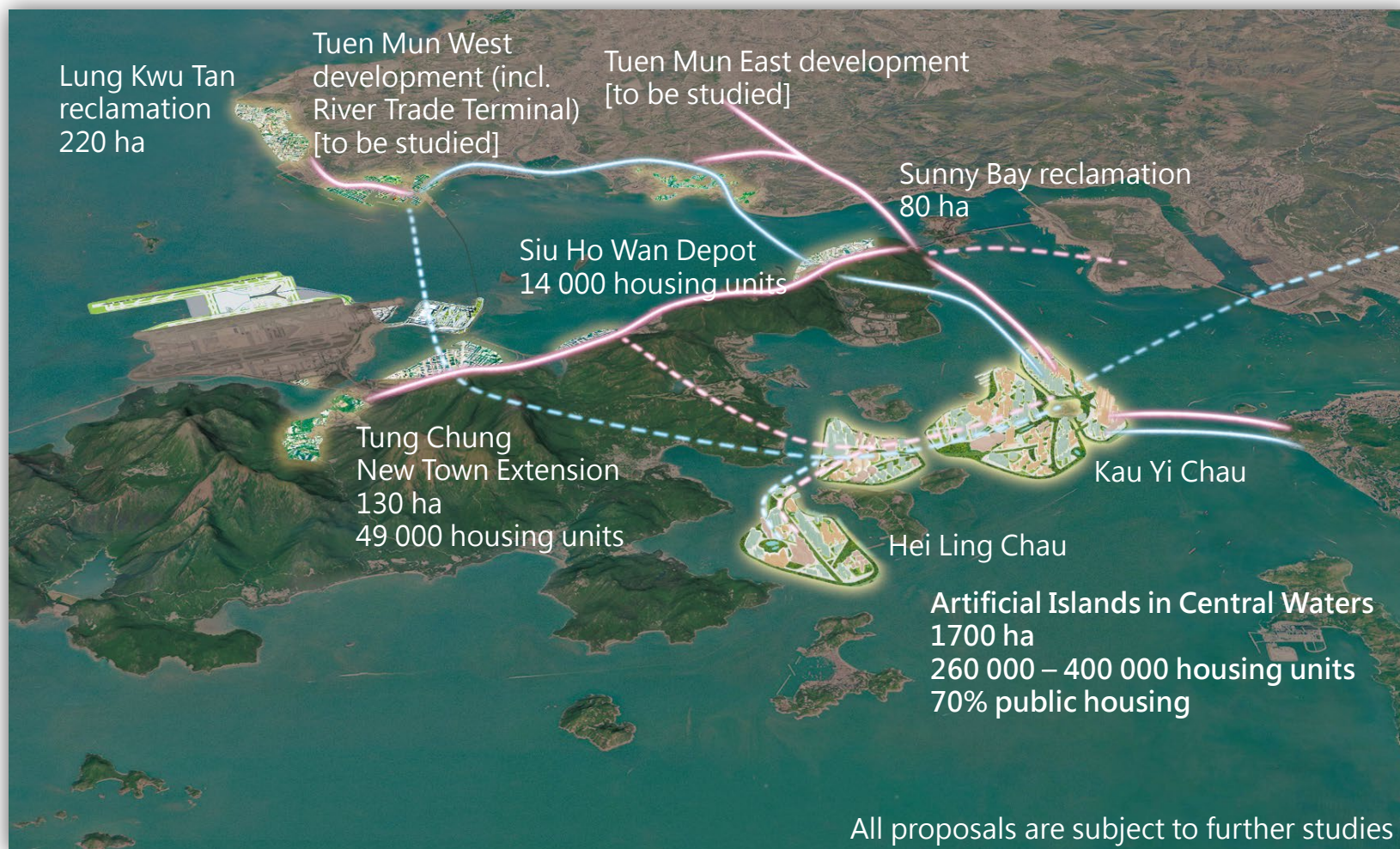
Increasing land supply and
developing a liveable near carbon-neutral city

Developing the Aerotropolis and the third Core
Business District (CBD) to promote economic
development

Enhancing environmental capacity for
sustainable development

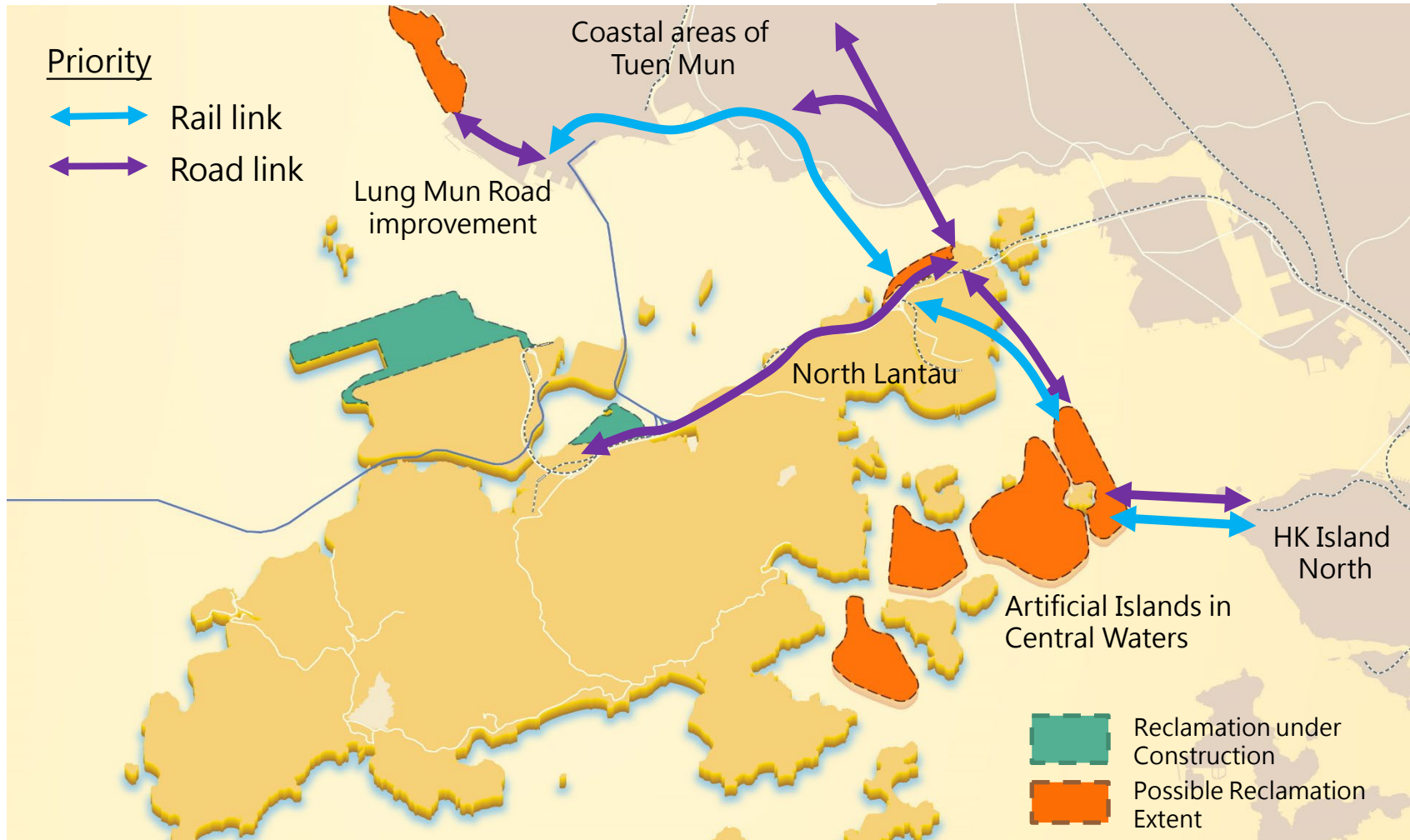
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Increasing land supply and
developing a liveable near carbon-neutral city



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According priority to transport infrastructure,
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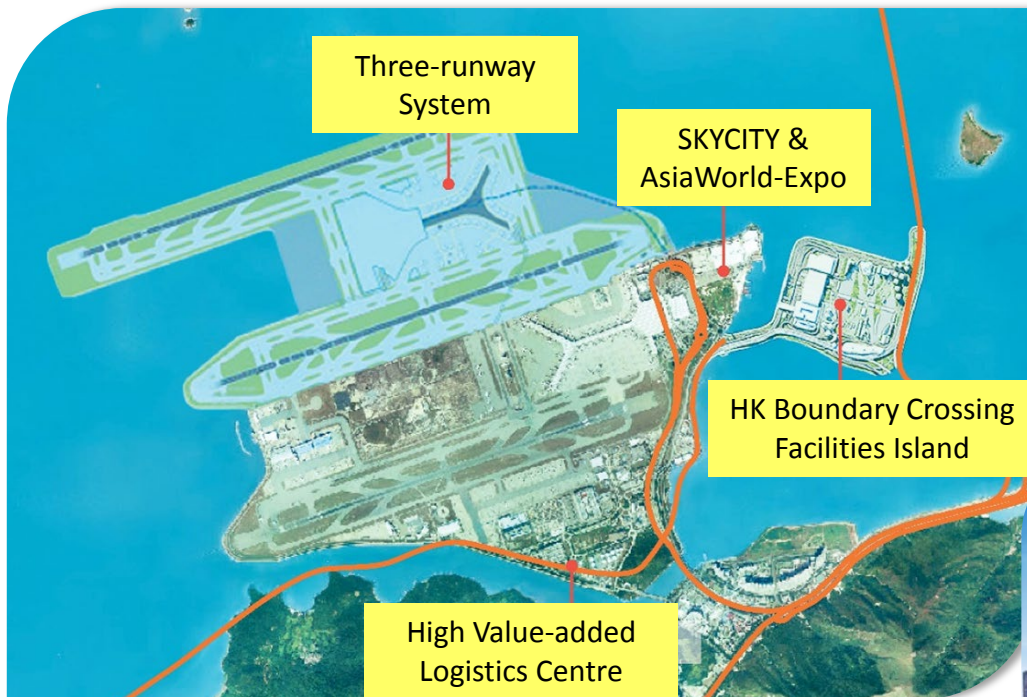


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Developing the Aerotropolis and the third CBD to
promote economic development



Aerotropolis



The Third CBD



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Enhancing environmental capacity for sustainable development

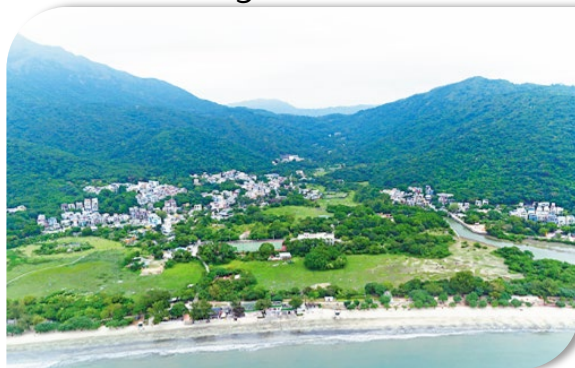


\$1 billion Lantau Conservation Fund

Conservation of Natural &
Cultural Resources



Livelihood Improvement Works in
Remote Villages & Communities



*Development
in the North
Conservation
for the South*

*Conservation to
Precede
Development*

More Effective Means to Control Activities Causing Environmental Damage

Review Legislation &
Map Out More Effective Control



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Increasing leisure and entertainment facilities
to promote a healthy lifestyle



Lantau Trails and Recreation Plan



Sunny Bay – Leisure and Entertainment Node



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LANTAU
tomorrow
bridging the future

明日
大嶼
連接未來

