

9 APR 1987

\$20b plan to solve housing problem

By To Chi-hak and Esme Lau

THE Government yesterday unveiled its \$20 billion plan to solve Hong-kong's housing problem by 2001.

Under the plan, the Government will redevelop all its older housing estates, many of which are on prime urban sites, and will offer loans to public housing tenants to enable them to buy private sector housing.

A monitoring body will be set up under the auspices of the Housing Authority, to closely watch the movement of the private housing market and to adjust the construction rate of Home Ownership Scheme units if private sector flat prices are pushed up by the loan scheme.

Behind the new policy is the estimation that by the 1990s, the demand for public rental housing will drop, while that for home ownership will rise.

But private developers' resources will not be fully utilised if the Government does not help people buy homes.

Its commitment to house the less privileged, however, would not be reduced.

The new policy could come into effect next financial year, if ways in which the new policy can be implemented can be worked out soon.

In presenting the new policy to

the Legislative Council yesterday, the Chief Secretary, Mr. David Ford, said the home purchase loan scheme was expected to match the rising aspirations of public housing tenants to buy their own flats.

Under the scheme, interest-free loans of up to \$50,000 will be granted to public housing tenants as down payments for each purchase of private flats.

In the first year, only 2000 will be able to take advantage of the scheme, but it would be extended to families on the public housing waiting list if it proved successful.

Mr Ford said the scheme would not only provide the tenants with choices between public housing, Home Ownership Scheme units and private housing, but also would motivate developers to upgrade older urban sites.

The redevelopment programme, which is presently applied to the Mark I to III estates of the oldest type, will be extended to Mark VI, as well as the so-called low cost housing estates.

There is strong financial reason for the project as it is very expensive to maintain the older estates. The Government claims the redevelopment programme could save more than \$220 million by the time it is completed in 2001.

The scheme has been criticised by Dr Victor Sit, a lecturer in geography at the University of Hong Kong, who said he found it hard to justify the massive redevelopment scheme.

He said the new policy was meant to artificially create the economic forces necessary to sustain a high cash inflow into the Government.

With the redevelopment of 125,000 flats before 2001 and extensive loans to encourage flat buying, the Government could maintain a high level of economic activity in the face of the political uncertainty of 1997, he said.

The emphasis of the policy was to shift the development focus to the urban areas by the mid-1990s, which represented the highest capital return from the shortest period, he added.

But a colleague of Dr Sit's, Miss Leung Wai-tung, praised the new policy as being able to cope with the urban redevelopment plan.

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