



New World Development Launches Hong Kong's First Subsidised Private Housing Project 300 new homes to be sold at cost in pilot scheme

Adrian Cheng: We are pioneering a ground-breaking housing solution to support the younger generation

(6 December, 2021 – Hong Kong) In a new bid to help ease Hong Kong's housing problem, New World Development, together with its not-for-profit social housing enterprise New World Build for Good, announced today plans for Hong Kong's first ever subsidised private housing project.

Named "New World Subsidised Housing", the project is the latest in a series of innovative housing solutions that New World Development has initiated since 2016. This includes the donation of farmland reserves, partnerships with various NGOs and relevant government departments to fund and build over 2,000 transitional homes for the underprivileged, and the "NewGen First Home Programme", which significantly lowers the down payment threshold to as low as 7.5% for young buyers.

Embarked by New World Development CEO Adrian Cheng's vision of creating shared value and a long-standing interest in solving Hong Kong's housing and land issues, New World Build for Good was created to unite the business sector and social groups and help solve, through creative thinking, challenges such as unaffordable housing for young families and prolonged wait time for public housing. The plans unveiled today marked New World Build for Good's first major initiative since its formation in September.

New World Build for Good Chairman Adrian Cheng said: "My vision is to start a new era in Hong Kong, by improving people's housing issues and enabling the next generation to achieve the milestone of home ownership. We hope to refresh Hong Kong's housing model and provide truly affordable homes for those in need. This may be a small first step, but it is an important one that we hope will encourage other Hong Kong corporations to join us in creating similar projects and give back to the community."

Solving Hong Kong's Housing Obstacles – Unaffordable Down Payments and Instalments

"New World Subsidised Housing" is to be fully and privately funded by New World Build for Good, which will build new, quality homes to be sold at cost – at roughly 50% to 60% of the market price. Homebuyers will also enjoy a special "progressive payment" mortgage arrangements.

With the aim to support first-time homeowners and help relieve Hong Kong's deep-rooted housing supply problem, New World Build for Good believes that its new housing solution will offer a much-needed alternative to what is currently available as the young seek to get onto the housing ladder. It will also allow ample time for eligible homebuyers to accumulate savings while comfortably living in a new home.



Adrian Cheng adds that, “As a major corporation in Hong Kong, we have the responsibility to give back to our people and alleviate the city’s livelihood issues. We hope that it will inspire more actions to collectively build a better future.”

For years, many Hong Kong people, and young families in particular, have been prevented from becoming homeowners because of a lack of capital for down payments, difficulty in making initial mortgage payments, and having an income that exceeds the public housing eligibility threshold.

Through “New World Subsidised Housing”, New World Build for Good looks to offer a brand new solution to Hong Kong – high quality and affordable private homes that require just a small down payment and low instalments.

Sold to Hong Kong’s First-time Homebuyers at Below-market Price; 5% Down Payment

Partly referencing Hong Kong’s current Subsidised Home Ownership Scheme, New World Build for Good’s “New World Subsidised Housing” will feature the following:

1. New, high quality and affordable flats to be sold at cost. Prices will be as low as 50% to 60% of the market price, similar to the prices of subsidised flats offered by statutory bodies.
2. Down payments at as low as 5% of the flat prices, vastly increasing affordability for homebuyers.
3. A “progressive payment” model that allows homebuyers to draw down a mortgage in two phases: the first drawdown being 45% of the purchase price, alongside the 5% down payment; the second phase covers the remaining 50% of the purchase price, the loan for which can be drawn in one or a number of instalments over a period of 10 years after the completion of the purchase.
4. 100% ownership right from the start, which enables buyers to get onto the housing ladder with an affordable down payment and low instalments. This will give them ample time to save up for the first drawdown and mortgage repayments for the remaining 50% of the flat purchase price, lowering housing debt.
5. Young families will be provided with co-living communities that have all-round services and amenities.



New World Development to Provide Land to Create 300 Homes

Once the “New World Subsidised Housing” proposal is approved by the government, New World Development will donate a plot of land in the New Territories West to build the flats. It will also fund New World Build for Good to develop the project. It is expected that the first stage of the project will provide 300 one to three-bedroom private flats ranging from 300 to 550 square feet each.

Given the innovative nature of “New World Subsidised Housing”, in-depth discussion with banks and relevant regulators is still required to resolve complex details concerning existing policies on property sales and mortgage loans. For this reason, it will start with 300 units as a pilot to make it easier for all parties to realise the pioneering initiative. Once all avenues are clear, we hope to join forces with different sectors of the community and scale up the innovative housing model.

Under the proposal, homebuyers will be able to purchase 100% ownership of a property with an affordable down payment followed by low instalments. Taking a 300-square-foot unit as an example, the estimated cost of the unit will be approximately HK\$2.7 million, based on the discounted land premium in the current Subsidised Home Ownership Scheme, and including construction fees. If sold at cost, a homebuyer will only be required to pay a down payment of HK\$135,000 (approximately 7 times Hong Kong’s monthly median income of HK\$18,400), which equals 5% of the HK\$2.7 million unit price. The mortgage will then be split into two phases. In the first phase, after the down payment, the homebuyer will be allowed to draw the first loan at HK\$1.215 million, which is 45% of the purchase price. The HK\$1.215 million sum can be mortgaged at a P-2.5% rate (present market mortgage rate) for up to 30 years, which equates to a HK\$5,010 monthly instalment. The remaining 50% of the purchase price – or HK\$1.35 million – can be paid in phases over a period of 10 years following the initial transactions. That means homebuyers can have more time to save up for the HK\$1.35 million loan, which can be drawn in one or a number of instalments after the completion of the purchase. This will give flexibility to the repayment process and ease housing debt.

In the event of an ownership transfer, the homeowner must first complete all mortgage drawdowns before selling it to an eligible buyer. There will be a restriction against any form of sale, lease or disposal for a period of, say, the first three to five years after completion of the purchase. The years of restriction will be subject to discussions with the government and relevant organisations. The homeowner may also pay the government a land premium 10 years after the initial transaction before selling the unit freely on the market.



Supporting the Next Generation to Build Hong Kong's Future

Designed to help young families get onto the housing ladder and tailored to meet the specific challenges of Hong Kong's housing situations, New World Build for Good will give priority to Hong Kong residents aged between 25 and 45 who are first-time homebuyers. Their income and total net asset eligibility thresholds will mirror those for subsidised flats provided by local statutory bodies. For example, the limits for monthly income and total net assets for individual applicants are set at HK\$33,000 and HK\$850,000 respectively. For a household of two or more members, the limits are set at HK\$66,000 and HK\$1.7 million respectively.

Chaired by New World Development CEO Adrian Cheng, New World Build for Good's Advisory Committee consists of a number of experienced industry experts including Patrick Lau, the former Director of Lands of the HKSAR Government; Professor Terence Chong, Associate Professor of Economics at The Chinese University of Hong Kong; Anthony Chiu, Executive Director of the Federation of Public Housing Estates; Vincent Ho, former President of The Hong Kong Institute of Surveyors; and Vincent Ng, Chairman of the Harbourfront Commission.

- End -

Proposed “New World Subsidised Housing” model – first stage:

Number of Units	300
Saleable Sizes	300 sq. ft. (one-bedroom) / 350 sq. ft. (one-bedroom) / 400 sq. ft. (two-bedroom) / 550 sq. ft. (three-bedroom)
Unit Prices	Approximately HK\$2.7m to HK\$4.95m

Remark: Number of units, saleable sizes, unit prices, etc are for reference only. Detailed information will be announced in due course.

Photo caption 1



New World Build for Good Chairman Adrian Cheng together with cross-disciplinary experts to lead housing research and propose creative solutions that will help release more land and increase affordable housing supply in Hong Kong.

New World Build for Good Advisory Committee (from left to right):

Anthony Chiu, Executive Director of the Federation of Public Housing Estates;

Professor Terence Chong, Associate Professor of Economics at The Chinese University of Hong Kong;

Patrick Lau, the former Director of Lands of the HKSAR Government;

Adrian Cheng, CEO of New World Development and Chairman of New World Build for Good;

Vincent Ho, former President of The Hong Kong Institute of Surveyors; and

Vincent Ng, Chairman of the Harbourfront Commission.

Photo download link:

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About New World Development

Founded in 1970, New World Development Company Limited (“The Group”, Hong Kong stock code: 00017) was publicly listed in Hong Kong in 1972 and is a constituent stock of the Hong Kong Hang Seng Index. A premium brand infused with a unique personality best defined by The Artisanal Movement, New World Group’s core business areas include investment in property and property development, and investment in and/or operation of roads, commercial aircraft leasing, construction, insurance, hotels and other strategic businesses. Its Greater China operations, especially in the Greater Bay Area, had a total asset value of approximately HK\$627 billion as at 30 June 2021. The Group’s two listed companies are NWS Holdings Limited (61%), and New World Department Store China Limited (75%). New World China Land Limited is wholly owned by the Group.

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