

Finalist Summaries:

Team 15:

Hong Kong property market has maintained in a severely unaffordable level for a decade. Due to the substantial investment demand and firm living demand and the limited supply of flats, it is estimated that the property market will keep skyrocketing in the future.

While the demand-side factors like the Quantitative global easing and the population increase are unchangeable, the government has already introduced several policies to adjust the public housing supply. We think the problem is on the low supply of public housing. By further investigation, we believe that the situation is due to the hoarding land and flats behaviour and our economic policy is aims to solve the problem.

Summary of Double Taxation and Reimbursement (TTR) Economic Policy:

- 1) Implement and charge the “Hoarding Land tax” (Progressive tax system) and re-implement the “Vacancy Tax” (Fixed tax rate) to the developers. The progressive “Hoarding Land tax” ensures the developer considers returning to develop the land (registered as hoarding land by housing authority). The re-implement vacancy tax ensures the developer sold all the existing vacant flats after all construction was finished.
- 2) Partial tax reimbursement (40% of the total amount of Hoarding Land tax and Vacancy Tax charged by the government) to the developers once they finished the estate development and sold all the flats to the public as an incentive. (while the government still withholds the remaining tax amount to support low and medium-income groups).

Summary of the Counter solution - Rise the rate of Buyer-Stamp Duty and Special-Stamp Duty:

- 3) After implementing the above action, developers are supposed to consider returning to develop the previously hoarding land to prevent the unlimited amount of tax expenses. Therefore, the price level is expected to drop due to the increase in housing supply resulting from the proposed policy. However, the lower housing price level may attract speculation, potentially leading to a more intense market and rising back of the price level.

In order to secure the continuous efficiency of TTR Economic Policy, especially avoiding the price level raise again by speculation. It is suggested to further raise the buyer-stamp duty and special-stamp duty rate corresponding to the change of housing price level to increase the trading cost of potential investors attracted by the lowered housing price.

The TTR policy is not an aggressive policy aimed to solve the housing problem immediately. From our analysis, it is not recommended to have a short-term policy to downturn the housing.

As many citizens are putting a lot of their wealth in the property market and such a short-term policy may cause a lot to the Hong Kong economy. Therefore, the TTR policy aims to acts as the medium and long-term policy to complement the government’s long-term housing policy to adjust the Hong Kong property market in a sustainable way