

## Chapter 11

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# Housing

*The Government ensures that all those who cannot afford private rental accommodation have access to subsidised public rental housing. Rents are set at affordable levels. The Housing (Amendment) Ordinance 2007 which came into operation on January 1, 2008 provides a more flexible rent adjustment mechanism for public rental housing that allows both upward and downward adjustment of rents according to changes in tenants' household income.*

In December 2008, the total housing stock in Hong Kong amounted to about 2 509 900 flats, comprising about 733 500 public rental housing flats<sup>1</sup>, 395 700 subsidised home ownership flats and 1 380 800 flats in the private sector<sup>2</sup>. About 29 per cent of Hong Kong's population live in public rental housing flats with another 18 per cent in subsidised home ownership flats.

### Housing Policy

The Statement on Housing Policy announced in 2002 by the then Secretary for Housing, Planning and Lands set out the following major guiding principles of the Government's housing policy:

- The focus of the Government's subsidised housing policy should be on the provision of assistance to low-income families who cannot afford private rental accommodation;
- The Government should minimise its intervention in the private property market; and
- The Government should maintain a fair and stable operating environment for the private property market by ensuring adequate land supply and the provision of an efficient supporting infrastructure.

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<sup>1</sup> Including public rental housing and interim housing flats run by the Hong Kong Housing Authority and rental flats run by the Hong Kong Housing Society.

<sup>2</sup> Figures may not add up to total because they are rounded.

Pursuant to the Government's policy, the primary role of the Hong Kong Housing Authority (HKHA)<sup>3</sup> is to provide subsidised public rental housing to those who cannot afford private rental accommodation. The HKHA also assists the Government in keeping the average waiting time for public rental housing to about three years for general applicants (excluding non-elderly one-person applicants).

### **Institutional Framework**

The Secretary for Transport and Housing (STH) is responsible for all housing matters and also serves as the Chairman of the HKHA. The STH is assisted by the Permanent Secretary for Transport and Housing (Housing), who also assumes the office of the Director of Housing and heads the Housing Department.

The Housing Department has both policy and operational responsibilities for providing public rental housing and assessing eligibility for public housing assistance. It also provides secretariat and executive support to the HKHA and its committees. The Housing Branch of the Transport and Housing Bureau monitors developments in the private housing market and oversees policy matters relating to the regulation of estate agents.

### **Public Rental Housing**

The Government ensures that all those who cannot afford private rental accommodation have access to subsidised public rental housing. It is committed to keeping an average waiting time for public rental housing to about three years for general applicants (excluding non-elderly one-person applicants). The HKHA has put in place a rolling public rental housing construction programme while actual housing production will be adjusted regularly to take into account factors such as demand and tenancy turnover.

At present, about 2 028 200 people, or 29 per cent of Hong Kong's population, live in the public rental housing estates of the HKHA and the Hong Kong Housing Society (HKHS)<sup>4</sup>. The HKHA's revised estimate of expenditure on housing in 2008-09 was \$15.6 billion, accounting for approximately 4.7 per cent of public expenditure. At end-2008, there were about 111 300 households on the HKHA's public rental housing waiting list and their average waiting time was about 1.9 years.

### *Rent Policy*

It is the HKHA's long-established policy to set public rental housing rents at affordable levels. At present, rents are inclusive of rates, management and maintenance costs, and range from \$220 to \$3,370 with an average rent of \$1,320 per month.

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<sup>3</sup> The HKHA, established in 1973, is a statutory body responsible for implementing the majority of Hong Kong's public housing programmes. The HKHA provides public rental housing to low-income families who cannot afford private rental accommodation. It also runs interim housing and transit centres to provide temporary accommodation to families facing short-term problems in finding suitable accommodation.

<sup>4</sup> The HKHS is an independent, not-for-profit organisation established in 1948. It provides subsidised housing to specific target groups at affordable rents.

A new income-based rent adjustment mechanism for public rental housing was introduced under the Housing (Amendment) Ordinance 2007 which came into operation on January 1, 2008. The new mechanism provides for both upward and downward rent adjustments according to changes in tenants' household incomes. The first public rental housing rent review will be conducted in 2010. Subsequent reviews will be conducted every two years thereafter.

### *Rent Assistance*

The Rent Assistance Scheme (RAS) was introduced by the HKHA in 1992 to provide assistance to public housing tenants facing temporary financial hardship. The scheme had been revised several times in past years to make assistance more readily available to needy tenants. Currently, eligible tenants are offered rent cuts of 25 per cent or 50 per cent and the length of time families need to live in the newer blocks before applying for rent assistance has been shortened to two years. As at December 2008, about 11 480 households were receiving RAS.

### *Better-off Tenants*

Under existing regulations, better-off tenants are required to pay higher rents. At the end of December, about 24 420 households were doing that. In addition, tenants who have lived in public housing estates for more than 10 years will have to move out if their household incomes and assets have exceeded the Subsidy Income Limits and Net Assets Limits set by the HKHA. Those who choose not to declare their household assets will have to move out as well. During the year, about 560 better-off households who acquired their own flats under various subsidised home ownership schemes returned their public rental housing flats to the HKHA.

### *Redevelopment*

Preparatory work was carried out in 2008 to move some 3 200 families from Lower Ngau Tau Kok (II) Estate to the new Upper Ngau Tau Kok Estate. A vast majority of tenants will start moving out in May 2009. Lower Ngau Tau Kok (II) is the last estate to be cleared for redevelopment under the HKHA's Comprehensive Redevelopment Programme. Since the start of the programme in 1988, 559 housing blocks have been redeveloped, improving the living conditions of some 188 300 households.

### *Estate Clearance*

The two-phase clearance of So Uk Estate is continuing. The rehousing of tenants under Phase 1 will be completed in April 2009, while all Phase 2 tenants will be rehoused by April 2012. Some 13 400 people from 5 000 families are involved and about 3 400 families (including both Phase 1 and Phase 2 tenants) were rehoused up to the end of 2008.

Clearance of Block 22, Tung Tau (I) Estate which started in January this year, will be completed by 2012, involving about 1 400 people from some 900 families.

Clearance of Interim Housing Block 12 at Kwai Shing East Estate which started in July 2008, will be completed in 2010, involving some 600 people from about 200 families.

### *Sustainable Public Housing Stock*

The HKHA has adopted a concept called 'Life Cycle of Public Housing Estates' to ensure that the development of public housing resources is sustained to cater for the housing needs of residents during the life of the estate. A proactive approach to good maintenance, called 'Total Maintenance Scheme' has been in operation since 2006. Under it, Inspection Ambassadors carry out flat inspections and make arrangements on the spot for minor repairs or improvements to flats. The scheme also provides for a flat-to-flat maintenance database, strengthening of research and development in building diagnostic methodology, maintenance technology, and a maintenance hotline. To help tenants to keep their flats in good order, guidelines are displayed in videos, posters and literature along the 'education path' at Tai Wo Hau Estate and in mobile booths in other estates to publicise the maintenance programme. The programme was working well in 66 public rental housing estates at the end of 2008.

The HKHA's Comprehensive Structural Investigation Programme, set up to monitor estates approaching or exceeding 40 years old to make sure they are structurally sound and economically sustainable, is also working well. Of the 10 estates inspected so far, two had to be cleared and eight needed repairs to prolong their lives for 15 years or more. Similar inspections and remedial work will be carried out on 32 other old estates over the next 10 years.

The HKHA has an ongoing 'Estate Improvement Programme' for providing quality service and a good living environment for its tenants.

### *Allocation*

In 2008, about 37 010 public rental housing flats were let by the HKHA and the HKHS to different categories of applicants—about 19 820 were new flats and 17 190 refurbished flats. Of these, 61.2 per cent were let to applicants on the public rental housing waiting list, 0.1 per cent to tenants affected by the HKHA's Comprehensive Redevelopment Programme, 7.9 per cent to families affected by estate clearances, 1.4 per cent to junior civil servants, 23.8 per cent to sitting tenants for transfers (including overcrowding relief), and the remainder to victims of fire and natural disasters, compassionate cases recommended by the Social Welfare Department and other applicants.

For ordinary applicants, flats are allocated to them according to their registration number and their choice of districts. For non-elderly one-person applicants, allocation is based on a 'quota and points system' in which priorities depend on the points applicants have as compared with other applicants. The points of an applicant are determined by his or her age, waiting time and whether the applicant is already living in public rental housing. All applicants need to meet Hong Kong's residence requirement as well as undergo a 'Comprehensive Means Test' and a 'Domestic Property Test'. To speed up the letting of some of the less popular flats, the HKHA has introduced an 'Express Flat Allocation Scheme' under which these flats are pooled for selection by eligible applicants on the waiting list. During the year, about 2 120 households were rehoused under the scheme.

The HKHA also offers accommodation to people whose squatter huts or illegal rooftop structures are cleared by the Government, provided they meet certain conditions. About 250 people, made homeless by squatter and rooftop clearances, were rehoused in 2008.

## **Home Ownership**

### *Sale of Subsidised Flats*

More than 458 100<sup>5</sup> subsidised sale flats have been sold in past years to eligible households at discounted prices under different Government subsidised programmes such as the Home Ownership Scheme (HOS)/the Private Sector Participation Scheme (PSPS) and the Tenants Purchase Scheme (TPS) run by the HKHA. But these schemes were scrapped in recent years in line with the Government's subsidised housing policy of focusing its resources on the provision of assistance to low-income families who cannot afford private rental accommodation.

To dispose of the remaining 16 700 HOS flats, the HKHA drew up a tentative sales plan in 2006 to put HOS flats up for sale at intervals over a period of three years, starting from 2007, with between 2 000 and 3 000 flats offered each time. Four such sales, involving about 12 600 flats, took place between 2007 and 2008.

## **Housing for Groups in Special Need**

The Chief Executive pledged in his Policy Address that the family would be promoted as a core social value and that the elderly would be given special care. This aim is reflected in the HKHA's allocation and management of public rental housing.

For an elderly person who wishes to live alone, he/she can do so by applying for a public rental housing flat under the Single Elderly Persons Priority Scheme. Two or more unrelated elderly persons can also apply for the Elderly Persons Priority Scheme if they wish to live together.

The HKHA has also shortened the average waiting time for public rental housing for single elderly applicants to 1.2 years.

To encourage families to live with and to take care of their elderly relatives in public rental housing estates, the HKHA gave the go-ahead in October 2008 to further enhance the arrangement by replacing the prevailing schemes with the 'Harmonious Families Priority Scheme' which will go into effect on January 1, 2009.

## **Housing Supply**

Some 35 200 residential units were completed in 2008, of these, about 8 800 were private housing flats (excluding village houses) and 26 400 public housing flats.

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<sup>5</sup> Including flats sold by the HKHS. Of the 458 100 flats sold since 1978, about 63 800 flats can be traded in the open market as at end-December 2008. These flats are not counted as subsidised sale flats under the current definition.

### *Supporting Infrastructure*

The infrastructure for supporting housing development is provided in a programmed and structured manner. To avoid delays in housing development caused by a lack of infrastructural facilities, the Government has adopted a fast-track approach to address possible problems. At present, there are 11 such projects in different stages of implementation. Their estimated combined cost of about \$5.2 billion has been approved.

## **Private Sector Housing**

### *Private Residential Property Market*

After a surge in transactions and prices of first-hand and second-hand residential properties during the first half year of 2008, the property market started to slide in the third quarter as a result of the global financial crisis. As at December 2008, there had been about 95 900 registered transactions, 22 per cent down on 2007. As at the end of 2008, the residential price index and rental index were 12 per cent and 11 per cent lower than that of 2007 respectively.

### *Estate Agents*

The vast majority of residential property transactions in Hong Kong are conducted through estate agents. Since January 1, 1999, all individuals or companies engaging in estate agency work are required to obtain licences issued by the Estate Agents Authority (EAA). As at the end of 2008, there were about 23 270 individual licence holders and 1 660 company licence holders. The principal functions of the EAA, which was set up in 1997, are to issue licences, promulgate best practice, conduct inspections, investigate complaints, impose penalties on licensees who break the rules, provide training and promote consumer education. The aim is to raise the standard of service provided by estate agents, enhance consumer protection, and encourage open, fair and honest property transactions. The practice and conduct of estate agents are governed by the Estate Agents Ordinance and its subsidiary regulations.

### *Sale of Uncompleted Residential Properties*

Developers of private residential units may apply to the Director of Lands for consent to put up units for sale before completion. In approving pre-sale applications from developers, the Lands Department will require the concerned developer to provide specified property information. The Real Estate Developers Association of Hong Kong (REDA) has a self-regulatory regime. It also issues guidelines to help its members provide proper information in their sale brochures. The guidelines are updated from time to time.

The definition of 'saleable area' was standardised by the Lands Department under its Consent Scheme on October 10, 2008. Uncompleted first-hand residential properties approved for pre-sale under the scheme must adopt the definition in their sales brochures. The standardised definition of 'saleable area' means the area occupied by the unit, the balcony and the utility platform. Other areas, such as bay windows, should be listed separately item by item and should not be recorded as

part of the 'saleable area'. The REDA issued a set of guidelines on the same day requiring developers to adopt the standardised definition of 'saleable area' in the sales brochures and the standardised price list template.

*Websites*

Transport and Housing Bureau: [www.thb.gov.hk](http://www.thb.gov.hk)

Hong Kong Housing Authority/Housing Department:  
[www.housingauthority.gov.hk](http://www.housingauthority.gov.hk)

Hong Kong Housing Society: [www.hkhs.com](http://www.hkhs.com)