

## Chapter 11

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# Housing

*The Government strives to help all families in need gain access to adequate and affordable housing. Those who cannot afford private rental accommodation may apply for subsidised flats under the public housing programme.*

Hong Kong's total housing stock in December 2009 was about 2 534 500 flats, comprising about 745 400 public rental housing flats<sup>1</sup>, 393 200 subsidised home ownership flats and 1 395 900 flats in the private sector<sup>2</sup>. About 30 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 foremost objective of the Government is to provide subsidised public rental housing to low-income people who cannot afford private rental accommodation mainly through the Hong Kong Housing Authority (HKHA)<sup>3</sup>. It also makes every effort to keep the average waiting time for public rental housing at around three years for general applicants. The Government's private housing policy is to maintain a fair and stable environment in which the market can operate and grow healthily. To bring this about, the Government provides adequate amount of land and efficient supporting infrastructure, and keeps its intervention in the property market to a minimum.

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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.

<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.

## **Institutional Framework**

The Secretary for Transport and Housing (STH) is responsible for all housing matters and is also the HKHA's chairman. She is assisted by the Permanent Secretary for Transport and Housing (Housing), who heads the Housing Department as its director.

The Housing Department has both policy and operational responsibilities for providing public rental housing and assessing eligibility for public housing assistance. It provides secretariat and executive support to the HKHA and its committees. The Transport and Housing Bureau's housing arm monitors developments in the private housing market, ensures home buyers have access to accurate, comprehensive and transparent property information, and oversees policy matters relating to the regulation of estate agents.

## **Public Rental Housing**

The Government ensures that people who cannot afford private rental accommodation have access to subsidised public rental housing. It endeavours to keep the average waiting time for public rental housing at about three years for general 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 2 084 500 people, or 30 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 2009-10 was \$15.3 billion, accounting for approximately 4.9 per cent of public expenditure. At end-2009, there were about 125 300 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. 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.

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 adjustment according to changes in tenants' household income.

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 help public housing tenants facing temporary financial hardship. The scheme had been

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<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.

revised several times in past years to make assistance more readily available to needy tenants. Currently, eligible tenants are offered rent cuts of 25 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 2009, about 12 000 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 25 000 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 and surrender the flat to the HKHA as well.

### *Redevelopment*

The removal of tenants from Lower Ngau Tau Kok (II) Estate (LNTK(II)) to make way for redevelopment was completed on November 25, 2009. LNTK (II) was the last estate cleared for redevelopment under the HKHA's Comprehensive Redevelopment Programme. Since the start of the programme in 1988, 566 housing blocks have been redeveloped, improving the living conditions of some 192 100 households.

### *Estate Clearance*

Phase 1 clearance of So Uk Estate was completed in July 2009 and Phase 2 clearance is scheduled to be completed in April 2012. Some 13 400 people from 5 000 families are involved and about 3 800 families (including both Phase 1 and Phase 2 tenants) were rehoused up to the end of 2009.

Clearance of Block 22, Tung Tau (I) Estate which started in January 2008, involving about 1 400 people from some 900 families, will be completed by 2012. Clearance of Interim Housing Block 12 at Kwai Shing East Estate which started in July 2008, involving some 600 people from about 200 families, will be completed in 2010.

### *Sustainable Public Housing Stock*

The HKHA adopts 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. An 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 and a maintenance hotline. The scheme was serving 148 public rental housing estates at the end of 2009.

The HKHA's Comprehensive Structural Investigation Programme was set up to monitor estates approaching or exceeding 40 years old to make sure they are structurally sound and economically sustainable. Of the 11 estates inspected so far, two had to be cleared and nine needed repairs to prolong their lives for 15 years or more. Similar inspections and remedial work will be carried out on 31 other old estates over the next nine years.

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

### *Allocation*

In 2009, about 35 700 public rental housing flats were let by the HKHA and the HKHS to different categories of applicants — about 16 900 were new flats and about 18 800 refurbished flats. Of these, about 61 per cent were let to applicants on the public rental housing waiting list, 9 per cent to tenants affected by the HKHA's Comprehensive Redevelopment Programme, less than 1 per cent to families affected by estate clearances, about 2 per cent to junior civil servants, 20 per cent to sitting tenants for transfers (including overcrowding relief), and the remainder to those affected by squatter clearances and removal of rooftop structures and victims of fire and natural disasters, and compassionate cases recommended by the Social Welfare Department and other applicants.

Save for non-elderly one-person applicants, flats are allocated to Waiting List applicants 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 2 000 households were allocated public rental housing flats 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 230 people, made homeless by squatter and rooftop clearances, were rehoused in 2009.

## **Home Ownership**

### *Sale of Subsidised Flats*

More than 459 100 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 surplus HOS flats, the HKHA has put up the flats for sale in phases from 2007 onwards. At the end of 2009, the HA had launched five sale phases and sold some 13 300 surplus HOS flats (including about 1 200 flats under the HKHS). The remaining 4 000-plus flats will be put up for sale from 2010 onwards.

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

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

For an elderly person who wishes to live alone, he or 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 1.1 years.

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

### **Housing Supply**

Some 26 200 residential units were completed in 2009, of which about 7 200 were private housing flats (excluding village houses) and 19 000 public housing flats.

#### *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 10 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*

The private residential properties market showed rapid recovery in 2009, following the dampened market in the aftermath of the global financial crisis in the third quarter of 2008. There were about 115 100 registered residential transactions in 2009.

#### *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 possess licences issued by the Estate Agents Authority (EAA). As at the end of 2009, there were about 25 800 individual licence holders and about 2 000 company licence holders. The principal functions of the EAA, which was set up in 1997, are to issue licences, promulgate best practices, 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 services 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 legislation.

#### *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 in the sales brochures. The Real Estate Developers Association of Hong Kong (REDA) issues guidelines to require its members to provide prescribed property information in the sales brochures and price lists.

In 2009, the Government worked with REDA on new rules for developers to follow when selling their uncompleted properties. They must make public their transactions of uncompleted first-hand residential properties within five working days of the signing of the Preliminary Agreements for Sale and Purchase, show the price per square foot in 'saleable area' of individual flats and state floor numbering information prominently in their sales brochures, and not include any promotional materials in the sales brochures.

#### *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)