

## Chapter 11

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# Housing

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

There were about 2 569 000 flats in Hong Kong as at December 2010, comprising about 746 800 public rental housing flats<sup>1</sup>, 391 000 subsidised sale flats and 1 431 200 flats in the private sector<sup>2</sup>. About 30 per cent of Hong Kong's population live in public rental housing flats, and another 18 per cent live in subsidised sale flats.

### Housing Policy

The Government's aim is to provide — mainly through the Hong Kong Housing Authority (HKHA)<sup>3</sup> — public rental housing to low-income people who cannot afford private rental accommodation. It also makes every effort to keep the average waiting time for public rental housing to around three years for general applicants.

The HKHA has a rolling public rental housing construction programme. Between 2010-11 and 2014-15, it plans to build about 75 000 rental flats, or an average of about 15 000 flats each year. By adding its refurbished flats to the new production, the HKHA should be able to maintain the average waiting time for rental flats for general applicants on the waiting list to about three years.

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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.

The Government's private housing policy is to ensure the property market's healthy and stable development. The Government also makes sure that sales of first-hand private residential properties are carried out with great transparency. It aims to supply enough land over the next 10 years for the building of about 20 000 private residential flats each year.

The Steering Committee on Housing Land Supply, chaired by the Financial Secretary, ensures a steady and adequate supply of land for the building of public and private flats, including small- to medium-sized units, by co-ordinating the work of the bureaux and departments.

### **Institutional Framework**

The Secretary for Transport and Housing is responsible for 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. It provides secretariat and executive support to the HKHA and its committees. The Transport and Housing Bureau's (THB) housing arm monitors developments in the private housing market, ensures home buyers have access to accurate, comprehensive and transparent property transaction information, and oversees policy matters relating to the regulation of estate agents.

### **Public Rental Housing**

At present, about 2 071 200 people, or 30 per cent of Hong Kong's population, live in HKHA and the Hong Kong Housing Society (HKHS)<sup>4</sup> public rental housing estates. The estimated HKHA housing expenditure in 2010-11 is \$16.1 billion, or approximately 5 per cent of public expenditure. At the end of December 2010, there were about 145 000 households on the HKHA's public rental housing waiting list. The average waiting time for general applicants on the waiting list rehoused in 2010 was two 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 ranged from \$260 to \$3 530 with the average monthly rent being \$1,400 as at December 2010.

Under the new income-based rent adjustment mechanism, rents may be adjusted upwards or downwards according to changes in tenants' household income. The first public rental housing rent review conducted under the new mechanism took place in 2010. Subsequent reviews will be carried out every two years.

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<sup>4</sup> The HKHS is an independent, not-for-profit organisation established in 1948. One of its major functions is to provide subsidised housing to specific target groups at affordable rents.

### *Rent Assistance*

The Rent Assistance Scheme (RAS) was introduced by the HKHA in 1992 to help public housing tenants facing temporary financial difficulties. Currently, eligible tenants are offered rent cuts of 25 or 50 per cent. Families living in newer blocks are required to live in them for a period of two years before being eligible to apply for assistance. As at December 2010, about 11 800 households were receiving RAS.

### *Better-off Tenants*

Under existing policy, better-off tenants are required to pay higher rents. At the end of December, about 25 200 households were paying higher rents. Tenants who have lived in public housing estates for more than 10 years 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 have to surrender their flats to the HKHA.

### *Estate Clearance*

So Uk Estate's Phase 2 clearance is scheduled to be completed in April 2012, requiring some 6 300 people from 2 400 families to move out. About 1 300 families were rehoused in 2010.

Clearance of Block 22, in Tung Tau (I) Estate, which started in January 2008, will be completed in 2012. It houses some 900 families, comprising 1 500 people. Clearance of Interim Housing Block 12 in Kwai Shing East Estate, which started in July 2008, was completed in August 2010. Some 600 people from about 200 families moved out.

### *Sustainable Public Housing Stock*

The HKHA adopts a life-cycle maintenance strategy to keep its public housing stock economically, socially and environmentally stable. Under its 'Total Maintenance Scheme' introduced in 2006, Inspection Ambassadors carry out flat checks and make arrangements on the spot for minor repairs or improvements to flats. As at end 2010, the scheme had been implemented in 177 estates.

Estates over, or approaching, 40 years old are monitored under a HKHA Comprehensive Structural Investigation Programme to ensure they are safe to live in and are economically sustainable. Of the 14 estates inspected so far, two had to be cleared and 12 needed repairs to extend their use for at least another 15 years. Similar inspections and remedial work will be carried out on 28 other old estates.

The HKHA has an ongoing 'Estate Improvement Programme' for providing quality service and a good living environment for its tenants. It also has a lift installation programme for improving accessibility in the external areas as well as in the buildings that have no lifts.

### *Allocation*

In 2010, about 27 560 public rental housing flats were allocated to various rehousing categories by the HKHA and the HKHS. About 11 410 of these were new flats and about 16 150 were refurbished flats. Of these, about 61 per cent were

allocated to applicants on the public rental housing waiting list, less than 1 per cent to families affected by estate clearances, about 3 per cent to junior civil servants, 25 per cent to sitting tenants for transfers (including overcrowding relief), and the remainder to those affected by squatter clearances, removal of rooftop structures, victims of fire; natural disasters and emergencies, compassionate cases recommended by the Social Welfare Department, and other applicants.

Save for non-elderly one-person applicants, flats are allocated to applicants on the waiting list according to their registration priority 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 an applicant has. These points are determined by the applicant's age at the time of registration, waiting time and whether he or she is already living in public rental housing. All applicants need to meet the HKHA's residence requirement and undergo a 'Comprehensive Means Test' and a 'Domestic Property Test' to qualify.

To speed up the allocation 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 1 550 households were allocated public rental housing flats under the scheme.

The HKHA also offers accommodation to people whose squatter huts or rooftop structures are cleared by the Government, provided they meet certain conditions. About 360 people, affected by squatter and rooftop clearances were rehoused in 2010.

## **Home Ownership**

### *Subsidised Sale Flats*

About 463 000 subsidised sale flats were sold in past years to eligible households at discounted prices under different Government subsidy programmes, such as the Home Ownership Scheme (HOS), the Private Sector Participation Scheme (PSPS) and the Tenants Purchase Scheme (TPS) which were discontinued in recent years in line with the Government's housing policy of focusing its resources on the provision of public rental housing to low-income families who cannot afford private rental accommodation.

The HKHA has put up the remaining surplus HOS flats for sale in phases. Six phases have been launched since 2007. The HKHS' surplus Flat-for-Sale Scheme (FFSS) flats were also put up for sale. The total number of surplus HOS and FFSS flats sold as at end of 2010 was 17 000.

The Government in collaboration with the HKHS introduced a plan in 2010 to help aspiring homeowners who are able to pay the mortgage, but not the downpayment on a flat. The scheme, called 'My Home Purchase Plan (MHPP)' followed a public consultation on subsidising home ownership. The MHPP serves as a buffer, not a move by the Government to return to more direct involvement in the property market.

The Government has earmarked sites in Tsing Yi, Diamond Hill, Sha Tin, Tai Po, Tuen Mun and other areas for about 5 000 MHPP flats. The first of about 1 000 flats will be completed in 2014 in Tsing Yi with pre-letting in late 2012. The second project will be in Shatin. The Government will identify more sites for the MHPP.

### **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 kept the average waiting time for public rental housing for single elderly applicants at about one year in 2010.

The 'Harmonious Families Priority Scheme', introduced in 2009, continues to encourage families to live with and to take care of their elderly relatives in public rental housing estates.

### **Completion of Housing Units**

Some 19 800 residential units were completed in 2010, of which about 13 400 were private housing flats (excluding village houses) and 6 400 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 11 such projects in different stages of implementation. Their estimated combined cost of about \$5.6 billion has been approved.

### **Private Sector Housing**

#### *Private Residential Property Market*

The Government has been monitoring the private residential property market's development closely and remains alert to the risks of a property bubble forming. In February, April, August, October and November 2010, the Government introduced various measures in four major areas to ensure the property market's healthy and stable development. These included increasing supply to tackle the problem at source, combating speculative activities, increasing the transparency of property transactions, and preventing excessive expansion in mortgage lending.

#### *Sale of Uncompleted Residential Properties*

Developers of private residential property 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, among other things, specified property information in the sales brochures, and price lists. The Real Estate Developers Association of Hong Kong issues guidelines for its members to follow similar requirements.

To enhance the transparency of the sale of first-hand private residential properties, the Government has implemented measures to make price lists, sales brochures, sales arrangements and transaction information clearer and show flats more representative. To strengthen further the regulation of the sale of first-hand residential properties, the THB has established a 'Steering Committee on the Regulation of the Sale of First-hand Residential Properties' to make recommendations on how to regulate the sale of those properties through legislation to the Secretary for Transport and Housing. The committee is expected to complete its work in October 2011 and its recommendations will be published in the form of a White Paper for public consultation.

### *Estate Agents*

The vast majority of residential property transactions in Hong Kong are conducted through estate agents. All individuals or companies engaging in estate agency work are required to possess licences issued by the Estate Agents Authority (EAA). At the end of 2010, there were about 31 300 individual licence holders and about 2 400 company licence holders. The EAA's main functions include the issuing of licences, promulgating best practices, conducting inspections, investigating complaints, imposing penalties on licensees who break the rules, provide training and promote consumer education.

The practice and conduct of estate agents are governed by the Estate Agents Ordinance and its subsidiary legislation.

### *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)