

## Chapter 11

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# Housing

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

There were about 2 596 400 flats in Hong Kong as at December 2011, comprising about 761 200 public rental housing flats<sup>1</sup>, 390 400 subsidised sale flats and 1 444 800 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 17 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 2011-12 and 2015-16, it plans to build about 75 000 rental flats, or an average of about 15 000 flats each year. However, this is not a fixed target. If necessary, it can be adjusted and increased to maintain the target average waiting time of around 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> The figures, because they have been rounded off, may not correspond with the total.

<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 2 100 000 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. The estimated HKHA housing expenditure in 2011-12 is \$17.8 billion, or approximately 4.6 per cent of public expenditure. At the end of September 2011, there were about 165 300 applicants on the HKHA's public rental housing waiting list. The average waiting time for general applicants was 2.3 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 \$259 to \$3,525 with the average monthly rent being \$1,397 as at December 2011.

Under the existing income-based rent adjustment mechanism, rents may be adjusted upwards or downwards according to changes in tenants' household income. Public rental housing rent reviews are conducted every two years. The next review is expected to be completed in the second quarter of 2012.

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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 becoming eligible to apply for assistance. As at December 2011, about 11 900 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 24 100 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 6 500 people from 2 400 families to move out. About 3 700 people from 1 400 families were rehoused by the end of December 2011. Clearance of Block 22, Tung Tau (I) Estate, which started in January 2008, will be completed in June 2012. Some 1 500 people from 900 families would need to be rehoused. About 280 people from 270 families were rehoused by the end of December 2011.

### *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. Repairs and improvements were made to 177 estates in the first cycle. Similar improvements had been made to 28 estates in the first year of the second cycle, which was launched in 2011.

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. The programme is under way and investigations into 18 estates have been completed.

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 2011, about 30 300 public rental housing flats were allocated to various rehousing categories by the HKHA and the HKHS. About 14 500 of these were new flats and about 15 800 were refurbished flats. Of these, about 63 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 2 020 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 170 people, affected by squatter and rooftop clearances were rehoused in 2011.

## **Home Ownership**

### *New Policy for Resumption of the Home Ownership Scheme (HOS)*

In response to the aspirations of low and middle-income families to buy their own homes, the Government has introduced a new policy for the resumption of the HOS. The new scheme is designed mainly for first-time home buyers with a monthly household income of less than \$30,000.

The Government will allocate sites for this scheme to provide units with about 400 – 500 square feet of saleable floor area. More than 17 000 flats will be built over four years, from 2016-17, with an annual production of between 2 500 and 6 500 flats. As more sites become available, the planning target will be set at about 5 000 flats a year on average, depending on demand at the time.

The HKHA will be responsible for producing the new HOS flats. The first batch is expected to be ready for pre-sale in 2014 or 2015. To meet this target, the Housing Department has already started preliminary planning and investigations for sites identified in Shatin, Tsuen Wan and Yuen Long, and will commence similar work for other sites shortly. The HKHA will work out implementation details of the new HOS, including the allocation ratio between green form and non-green form applicants, income and asset criteria for non-green form applicants, benchmarks for setting affordable flat prices and premium payment arrangements.

### *My Home Purchase Plan*

The Government, in collaboration with the HKHS, introduced a scheme, the 'My Home Purchase Plan (MHPP)' in 2010 to help aspiring homeowners, who can pay the mortgage but not the down payment to achieve home ownership. The MHPP was enhanced in October 2011 to enable eligible households to rent a MHPP flat before buying it at a 'ceiling price' or at the then prevailing market price, depending on which is lower. They may also purchase a MHPP flat at the outset at the then prevailing market price.

Some 5 000 MHPP flats will be provided under the MHPP. The first of about 1 000 flats will be completed in 2014 in Tsing Yi with pre-letting in late 2012. The second will be built in Shatin.

### **Housing for People with Special Needs**

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 a single elderly person, he or she can apply for public rental housing under the Single Elderly Persons Priority Scheme. Unrelated elderly persons who wish to share a flat may do so under an Elderly Persons Priority Scheme. The average waiting time for public rental housing for single elderly applicants was about 1.2 years as at September 2011.

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 27 000 residential units were completed in 2010-11, of which about 12 000 were private housing flats (excluding village houses) and around 15 000 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 nine such projects in different stages of implementation. Their estimated combined cost of about \$5.5 billion has been approved.

### **Private Sector Housing**

#### *Private Residential Property Market*

The Government monitors closely the private residential property market's development and remains alert to the risks of a property bubble forming. Since 2010, the Government has introduced various measures in four major areas to

ensure the property market's healthy and stable development. They include increasing land supply, combating speculative activities, increasing the transparency of property transactions, and preventing excessive expansion in mortgage lending.

#### *Sale of First-hand 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 applicants to provide, among other things, specified property information in their sales brochures and price lists. The Real Estate Developers Association of Hong Kong issues guidelines for its members to follow when making these applications.

A Steering Committee set up by the THB in October 2010 to make recommendations on how to regulate the sale of first-hand residential properties through legislation, submitted its recommendations to the Secretary for Transport and Housing in October 2011. A draft law governing such sales was published in November 2011 for a two-month public consultation.

#### *Estate Agents*

The vast majority of residential property transactions in Hong Kong are conducted through estate agents. Individuals or companies engaging in estate agency work are required to possess licences issued by the Estate Agents Authority (EAA). At the end of 2011, there were about 34 700 individual licence holders and about 2 700 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, providing training and promoting 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)