

# Housing

*The Government's policy objectives on housing are to assist grassroots families secure public housing to meet their basic housing needs; assist the public to choose accommodation according to their personal circumstances and what they can afford, and encourage those able to be homeowners; provide subsidised home ownership flats in addition to public rental housing to build a progressive housing ladder; and maintain the healthy and steady development of the private property market, with priority to be given to Hong Kong permanent residents' needs.*

There were about 2,613,500 flats in Hong Kong as at December 2012, comprising about 766,300 public rental housing (PRH) flats<sup>1</sup>, 390,600 subsidised sale flats and 1,456,600 private sector flats. 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 aims to provide — mainly through the Hong Kong Housing Authority (HKHA)<sup>2</sup> — public rental housing to those with low incomes who cannot afford private rental accommodation and to keep the average waiting time for public rental housing at around three years for general applicants. The HKHA has a rolling public housing construction programme. It plans to build about 75,000 rental flats over the five years from 2012-13 and about 17,000 Home Ownership Scheme flats over the four years starting from 2016-17.

The Government's policy is to maintain the healthy and stable development of the private property market. The Government estimates that in 2012-13, housing land supply from different sources could provide about 20,000 private residential flats, and that about 67,000 first-hand units should come on the market in the next three to four 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 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 Steering Committee on Housing Land Supply, chaired by the Financial Secretary, proactively co-ordinates the overall plans for development and supply of land in Hong Kong for various uses, and adjusts land supply in response to changes in demand.

### **Institutional Framework**

The Secretary for Transport and Housing is responsible for housing matters, assisted by the director of the Housing Department, and is also the HKHA's chairman.

The Housing Department has both policy and operational responsibilities for providing PRH. 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**

As at December 2012, about 2.1 million people, or 30 per cent of Hong Kong's population, live in the HKHA and Hong Kong Housing Society (HKHS)<sup>3</sup> public rental housing. The revised estimated HKHA housing expenditure in 2012-13 is \$9.9 billion, or approximately 4.9 per cent of public expenditure. At the end of September 2012, there were about 110,400 general applicants and 100,000 non-elderly one-person applicants under the Quota and Points System on the HKHA's public rental housing waiting list. The average waiting time for general applicants was 2.7 years.

#### **Rent Policy**

The HKHA's long-established policy is to set PRH rents at affordable levels. PRH rents are inclusive of rates, management and maintenance costs, and ranged from \$287 to \$3,877 with the average monthly rent being \$1,541 as at September 2012. Under the existing income-based rent adjustment mechanism, rents may be adjusted upwards or downwards according to changes in tenants' overall household income. PRH rent reviews are conducted every two years. The next review will be conducted in 2014.

#### **Rent Assistance**

The HKHA's Rent Assistance Scheme (RAS) helps public housing tenants facing temporary financial difficulties and currently offers eligible tenants rent cuts of 25 or 50 per cent. Families living in newer blocks are required to live there for a period of two years before becoming eligible to apply for assistance. As at December, about 12,300 households were receiving RAS.

#### **Better-off Tenants**

Better-off tenants are required to pay higher rents. At the end of December, about 21,900 households were paying higher rents. Tenants who have lived in public housing estates for more than 10 years or more have to declare household income biennially. Those with a household income exceeding the prescribed income limit set by the HKHA or who choose not

<sup>3</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.

to declare their income have to pay additional rent. Households with total household income and net assets both exceeding the prescribed income and asset limits, or those who choose not to declare their household assets are required to move out.

### ***Estate Clearance***

The clearance of the domestic portion of Block 22, Tung Tau (I) Estate, was completed in September 2012 and some 1,700 people from 850 families were rehoused. So Uk Estate's Phase 2 clearance was completed in November, with some 6,400 people from 2,400 families rehoused. Clearance of Blocks 1, 2, 3 and 12, Pak Tin Estate started in April and is scheduled to be completed in April 2014. Of around 2,900 people from 900 families who have to move out, about 600 people from 130 families had been rehoused by the end of November 2012.

### ***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 (TMS) introduced in 2006, flats are checked and arrangements made on the spot for minor repairs or improvements. Repairs and improvements were made to 177 estates in the first cycle. The second cycle was launched in 2011 and TMS inspections commenced in 27 estates in 2012.

Estates over, or approaching, 40 years old are monitored under the HKHA's Comprehensive Structural Investigation Programme to ensure they are safe to live in and are economically sustainable.

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

### ***Allocation***

In 2012, about 25,700 public rental housing flats were allocated to various rehousing categories by the HKHA. About 12,400 of these were new flats and about 13,300 were refurbished flats. Of the total, about 58 per cent were allocated to applicants on the PRH waiting list, 24 per cent to sitting tenants for transfers (including overcrowding relief), about 7 per cent to families affected by estate clearances, about 3 per cent to junior civil servants, and the remainder to those affected by squatter clearances, removal of rooftop structures, fire, natural disasters and emergencies, and 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 priority is determined by the applicant's age at the time of registration, waiting time and whether he or she is already living in PRH. All applicants need to meet the HKHA's residence requirement and must satisfy the Comprehensive Means Test and the Domestic Property Test to qualify.

To speed up the allocation of some of the less popular flats, the HKHA pools these flats for selection by eligible applicants on the waiting list under the Express Flat Allocation Scheme. About 1,500 households were allocated public rental housing flats under this scheme in 2012.

The HKHA also offers accommodation to people whose squatter huts or rooftop structures are cleared by the Government, provided they meet certain conditions, and about 120 such people were rehoused in 2012.

## **Home Ownership**

### ***Home Ownership Scheme (HOS)***

In response to the aspirations of low and middle-income families for home ownership, the development of the HOS is now firmly part of the Government's housing policy. The Government plans to provide about 17,000 HOS flats over four years from 2016-17 onwards and thereafter an annual average of some 5,000 HOS flats. The Government has commenced the preparatory work for the first batch of 2,100 HOS units, which will be completed in 2016-17, and can be released for pre-sale by the end of 2014.

To address the pressing home ownership needs of the community, the Government has also decided to release all of the remaining 832 Surplus HOS flats for sale in March 2013. Arrangements under the traditional HOS (including those on the setting of flat prices, premium payments, domestic property restrictions and income and asset limits for White Form applicants, mortgage guarantees and resale restrictions) will be used for the sale of the remaining Surplus HOS flats and future HOS flats. At the same time, an interim scheme, with an annual quota of 5,000, will be open for application in 2013 to allow people with White Form status to purchase HOS flats with premium not yet paid on the HOS Secondary Market before the first batch of new HOS flats are completed in 2016-17.

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

Single elderly persons 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 the Elderly Persons Priority Scheme. The average waiting time for public rental housing for single elderly applicants was about 1.4 years as at September 2012. The Harmonious Families Priority Scheme, introduced in 2009, encourages families to live with, and to take care of, their elderly relatives in public rental housing estates.

## **Completion of Housing Units**

Some 21,300 residential units were completed in 2011-12, of which about 10,100 were private housing flats (excluding village houses) and around 11,200 public housing flats of the HKHA.

### ***Supporting Infrastructure***

The infrastructure to support 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. As at December 2012, there were nine such projects in different stages of implementation, with an estimated combined cost of about \$5.5 billion.

## **Private Sector Housing**

### ***Private Residential Property Market***

To ensure the healthy and stable development of the property market, the Government monitors closely the private residential property market's development and remains alert to the risks of a property bubble. To this end, various measures have been implemented by the Government, such as increasing land supply, combating speculative activities, increasing the transparency of property transactions, and preventing excessive expansion in mortgage lending.

In October 2012, the Government enhanced the existing Special Stamp Duty and introduced the Buyer's Stamp Duty. The objective of these demand-management measures is to help prevent further exuberance in the housing market which may pose significant risks to macro economic and financial sector stability; to ensure the healthy and stable development of the private residential property market which is crucial to the sustainable development of Hong Kong as a whole; and to accord priority to Hong Kong permanent resident (HKPR) buyers over non-HKPR buyers in the current market situation.

### ***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.

To strengthen the regulation of the sale of first-hand residential properties, the Residential Properties (First-hand Sales) Ordinance was enacted in June 2012 and will be implemented in April 2013. The Transport and Housing Bureau will set up the Sales of First-hand Residential Properties Authority to enforce the ordinance.

### ***Estate Agents***

The practice and conduct of estate agents, who conduct the vast majority of residential property transactions in Hong Kong, are governed by the Estate Agents Ordinance and its subsidiary legislation. Individuals or companies engaging in estate agency work must obtain a licence from the Estate Agents Authority (EAA). At 31 December 2012, there were about 36,400 individual licence holders and about 2,900 corporate 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.

### ***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)