

Housing

The government's policy objectives on housing are to assist grassroots families to 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; provide subsidised home ownership flats 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 2,639,000 flats in Hong Kong as at December 2013, comprising about 780,300 public rental units¹, 392,800 subsidised sale flats and 1,465,900 private sector flats. About 29 per cent of Hong Kong's population live in public rental units, 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)² — public rental housing (PRH) to those with low incomes who cannot afford private rental accommodation and to keep the average waiting time for PRH at around three years for general applicants. The HKHA has a rolling public housing construction programme. According to the latest programme released in December 2013, about 82,000 PRH flats will be built over the five years from 2013-14 and about 17,000 Home Ownership Scheme (HOS) flats will be built over the four years starting from 2016-17. To increase the supply of PRH, the Chief Executive announced in his 2013 Policy Address a production target of at least 100,000 PRH units in total over the five years starting from 2018.

The government's policy is to maintain the healthy and stable development of the private property market. As at end December, the government estimates that about 71,000 units will be provided in the primary residential property market in the coming three to four years.

¹ Including public rental housing and interim housing flats under the Hong Kong Housing Authority and rental flats under the Hong Kong Housing Society.

² The HKHA is a statutory body responsible for implementing the majority of Hong Kong's public housing programmes. The HKHA provides PRH to low income families who cannot afford private rental accommodation and Home Ownership Scheme flats to low to middle-income families. 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 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 the end of December, about 2.09 million people, or 29 per cent of Hong Kong's population, live in public rental units of the HKHA and Hong Kong Housing Society (HKHS)³.

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 December 2013, there were about 121,000 general applicants and 122,200 non-elderly one-person applicants under the Quota and Points System on the HKHA's PRH waiting list. The average waiting time for general applicants was 2.9 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 monthly rents ranged from \$287 to \$3,877 per flat as at September 2013, with the average being about \$1,540. 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 the end of December, about 12,200 households were receiving RAS.

³ The HKHS is an independent, not-for-profit organisation. One of its major functions is to provide subsidised housing to specific target groups at affordable rents.

Better-off Tenants

Better-off tenants are required to pay higher rents. At the end of December, about 21,500 households were paying higher rents. Tenants who have lived in public housing estates for 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 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 Block 22, Tung Tau (I) Estate, was completed in March and some 1,700 people from 850 families were re-housed. Clearance of Blocks 1, 2, 3 and 12 of Pak Tin Estate is scheduled to be completed in April 2014. Of around 2,900 people from 900 families who have to move out, about 2,800 people from 880 families were re-housed by the end of December 2013.

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 29 estates in 2013.

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 within estates and beside existing footbridges.

Allocation

In 2013, about 29,200 PRH flats were allocated to various re-housing categories by the HKHA. About 14,500 of these were new flats and about 14,700 were refurbished flats. Of the total, about 70 per cent were allocated to applicants on the PRH waiting list, 19 per cent to sitting tenants for transfers (including overcrowding relief), about one per cent to families affected by estate clearances, about three 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.

Apart from 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 the 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 1,800 households were allocated PRH flats under this scheme in 2013.

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 190 such people were rehoused in 2013.

Home Ownership

Home Ownership Scheme

In response to the aspirations of low and middle-income families for home ownership, the HOS is part of the government's housing policy. In 2013, the government pledged 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 first batch of about 2,200 HOS units are expected to be completed in 2016-17, and planned for pre-sale by the end of 2014.

To address the community's home ownership needs, the HKHA released all of the remaining 832 Surplus HOS flats for sale in March. Some 14,200 applications were received by the HKHA and execution of agreements for sale and purchase for all flats was completed in September.

An interim scheme was launched in January 2013 to allow an annual quota of 5,000 eligible buyers with White Form status to purchase flats with premium not yet paid on the HOS Secondary Market before the first batch of new HOS flats are completed in 2016-17. Some 66,000 applications were received by the HKHA and Approval Letters were subsequently issued to the successful applicants in two batches in May and December. By the end of December, some 920 applications for the Letter of Nomination had been approved and these successful applicants can purchase flats with premium not yet paid in the HOS secondary market.

Housing for People with Special Needs

Single elderly persons can apply for PRH 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 PRH for single elderly applicants was about 1.6 years as at December 2013. The various Harmonious Families Schemes encourage families to live with, and to take care of, their elderly relatives in PRH estates.

Completion of Housing Units

Some 22,900 residential units were completed in 2012-13, of which about 9,800 were private housing flats (excluding village houses) and around 13,100 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, managing demand for residential properties, increasing the transparency of property transactions, and preventing excessive expansion in mortgage lending.

In February 2013, the government introduced a new round of demand-side management measures, including an increase in the ad valorem stamp duty, in addition to the introduction of the Buyer's Stamp Duty and the enhancement of the existing Special Stamp Duty in October 2012. These measures aim to prevent further over-heating. In the private housing market which may pose significant risks to macro economic and financial sector stability; to ensure the healthy and stable development of the property market which is crucial to the sustainable development of Hong Kong as a whole; and to accord priority to the home ownership needs of Hong Kong permanent residents in the midst of the tight supply 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 Residential Properties (First-hand Sales) Ordinance came into full effect on 29 April 2013. It aims to enhance the transparency and fairness of the sales of first-hand residential properties, strengthen consumer protection, and provide a level playing field for vendors of first-hand residential properties. The Sales of First-hand Residential Properties Authority has been established to ensure the efficient implementation of 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). As at 31 December 2013, there were about 36,000 individual licence holders and about 3,000 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.

Long Term Housing Strategy

To address Hong Kong's housing issues, the government began a long term housing strategy (LTHS) review in October 2012. The LTHS Steering Committee conducted a public consultation exercise from 3 September to 2 December 2013 and is compiling a consultation report for submission to the government in early 2014. In formulating its LTHS and relevant policy measures, the government will take into account the consultation report and all other views collected.

Websites

Hong Kong Housing Authority/Housing Department:

www.housingauthority.gov.hk

Hong Kong Housing Society: www.hkhs.com

Transport and Housing Bureau: www.thb.gov.hk