

## Housing

*The government's policy objectives are to help grassroots families secure public rental housing to meet their basic housing needs; provide subsidised sale flats to build a progressive housing ladder; and maintain the healthy and steady development of the residential market, giving priority to Hong Kong permanent residents' needs.*

The Secretary for Transport and Housing oversees housing matters. He is supported by the Director of Housing and is also the Chairman of the Hong Kong Housing Authority.

The Housing Department undertakes both policy and operational responsibilities for providing public rental housing (PRH). It offers secretariat and executive support to the Housing Authority and its committees. As the Transport and Housing Bureau's housing arm, it also monitors the private market, ensures home buyers have access to accurate, comprehensive and transparent transaction information and oversees policy matters on the regulation of estate agents.

The Housing Authority is a statutory body that implements most public housing programmes. It provides PRH to low-income families which cannot afford private rental accommodation, and subsidised sale flats (SSFs) to low- to middle-income families. It also runs interim housing and transit centres for families facing short-term problems in finding suitable accommodation.

Hong Kong had about 2,807,200 flats as at end-December, comprising about 825,200 public rental units<sup>1</sup>, 410,500 SSFs<sup>2</sup> and 1,571,500 private-sector flats. About 29 per cent and 16 per cent of the population lived in public rental units and SSFs respectively. The Housing Authority's revised estimated housing expenditure in 2016-17 was \$29.5 billion, or 5.9 per cent of public expenditure.

### Long Term Housing Strategy

The government adopts supply-led and flexible principles according to its Long Term Housing Strategy to address the supply-demand imbalance.

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<sup>1</sup> Comprising PRH and interim housing flats under the Housing Authority and rental flats under the Hong Kong Housing Society.

<sup>2</sup> Excluding 322 flats provided by the Urban Renewal Authority on a one-off basis in 2015-16.

Three strategic directions are set out: to provide more PRH and ensure the rational use of existing resources; to provide more SSFs, expand the forms of subsidised home ownership and facilitate market circulation of existing stock; and to stabilise the residential market through steady land supply and demand-side management measures, and promote good sales and tenancy practices for private residential properties.

According to the strategy, the government updates the long-term housing demand projection annually and presents a rolling 10-year housing supply target to capture social, economic and market changes over time. In December, the government announced a total supply target of 450,000 units for the 10 years from 2019-20 to 2028-29, and revised the public-private split of new supply from 60:40 to 70:30. Accordingly, the public housing supply target is 315,000 units, comprising 220,000 PRH/Green Form Subsidised Home Ownership Scheme (GSH) flats and 95,000 SSFs, while the private housing supply target is 135,000 units.

The city finished building some 46,000 homes in 2018, comprising about 21,000 private residential flats, excluding village houses, and 25,000 public housing flats, comprising PRH and SSFs.

### **Housing Policy**

The government provides PRH, mainly through the Housing Authority, to low-income families who cannot afford private rental accommodation. The Housing Authority's target is to provide the first flat offer to general applicants, meaning family and elderly one-person applicants, at around three years on average.

The Housing Authority has a rolling five-year Housing Construction Programme to monitor the progress of each project. As at December 2018, about 72,900 PRH/GSH units and 24,600 SSFs would be built over the five years from 2018-19.

It is the government's policy to maintain healthy development of the residential market. As at end-December, about 93,000 first-hand private residential flats were estimated to become available in the next three to four years.

### **Public Rental Housing**

In the fourth quarter, about 2.18 million people, or 29 per cent of the population, lived in public rental units of the Housing Authority and Hong Kong Housing Society<sup>3</sup>. As at end-December, there were about 150,200 PRH general applications and, under the Quota and Points System (QPS), about 117,400 non-elderly one-person applications. The average waiting time<sup>4</sup> for general applicants was 5.5 years.

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<sup>3</sup> The Housing Society is an independent, not-for-profit organisation. One of its major functions is to provide subsidised housing to target groups at affordable rents and prices.

<sup>4</sup> Waiting time refers to the time taken between registration for PRH and the first flat offer, excluding any frozen period during the application period, such as when the applicant has not yet fulfilled the residence requirement, has requested to put the application on hold pending the arrival of family members for a family reunion, or is imprisoned. The average waiting time for general applicants refers to the average of the waiting times of those general applicants who were housed in PRH in the past 12 months.

The Housing Authority's policy is to set affordable PRH rents. Its rents cover rates, management and maintenance costs, and averaged about \$2,070 within a range of \$380 to \$5,159 per month as at December. Rent adjustments are based on changes in tenants' overall household incomes. The rents are reviewed every two years and the most recent review was completed in July 2018.

Tenants facing temporary financial difficulties are granted rent reductions of 25 or 50 per cent under the Housing Authority's Rent Assistance Scheme. As at end-December, 18,277 households were recipients.

### **Better-off Tenants**

The Housing Authority implements the Well-off Tenants Policies<sup>5</sup> to ensure the allocation of PRH resources will focus on those with more pressing housing needs. This initiative levies additional rent on better-off tenants. As at end-December, about 27,100 households were paying additional rent.

### **Estate Clearance**

Six PRH blocks under the Housing Authority are targeted for clearance. Blocks 9, 10 and 11 in Pak Tin Estate, Sham Shui Po, are to be cleared by April 2020, and Block 13 by January 2021, altogether involving about 2,280 households and 10 commercial tenants. Mei Po and Mei Tung House in Mei Tung Estate, Wong Tai Sin, are to be cleared by November 2020, affecting around 630 households and 26 commercial tenants. Registration of the affected households was completed in 2018.

### **Sustainable Public Housing Stock**

The Housing Authority adopts a life-cycle maintenance strategy to keep its public housing stock economically, socially and environmentally sound. It proactively inspects conditions within PRH flats and makes minor repairs or improvements on the spot. About 59,000 flats in 38 estates were checked in 2018.

Housing estates are rejuvenated and the facilities upgraded to meet the changing needs of tenants. Lift addition projects enhance pedestrian access. Estates of about 40 years old and above are monitored to ensure structural safety and financial sustainability.

### **Allocation**

General applicants are allocated PRH according to the order of their registrations, family size and choice of districts. For non-elderly one-person applicants, priority under the QPS is determined by age, waiting time and whether the person has been residing in PRH. All applicants must meet the PRH eligibility criteria, which include income and asset limits, residence requirements and no ownership of any domestic property in Hong Kong.

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<sup>5</sup> 'Well-off Tenants Policies' is an umbrella term for the Housing Authority's Housing Subsidy Policy and the Policy on Safeguarding Rational Allocation of Public Housing Resources. Households that have lived in PRH for 10 years are required to make declarations every two years. PRH households with income exceeding the prescribed limits pay additional rent. Those that own private domestic property in Hong Kong, or whose family income exceeds five times the income limits, or whose net household assets exceed 100 times the income limits, or that refuse to make a declaration, should vacate their PRH units.

About 30,200 PRH units were allocated in 2018. Of the total, about 23,500 were allocated to general applicants and to non-elderly one-person applicants under the QPS, and about 4,300 to existing tenants for various types of transfers. The rest were allocated to other categories, such as applicants for compassionate rehousing and families affected by the government's clearance actions, fire, natural disasters and emergencies.

Applicants may be allocated PRH earlier by opting for less popular flats under the Express Flat Allocation Scheme. About 660 households benefited from this scheme in 2018.

### ***Special Arrangements for Elderly Residents***

Elderly singles can apply for PRH under the Single Elderly Persons Priority Scheme, and can share a flat with unrelated elderly people under the Elderly Persons Priority Scheme. These schemes grant priority to eligible applicants over family applicants. The average waiting time for elderly singles was about 2.9 years in end-December. Families are encouraged to live with their elderly relatives in PRH estates.

## **Home Ownership**

### ***Subsidised Sale Flats***

The government provides SSFs in response to the home ownership aspirations of low- to middle-income families. In March, 4,431 new flats under Home Ownership Scheme (HOS) 2018 were offered for sale. Then in June, the Chief Executive announced a revised HOS pricing policy, according to which the Housing Authority approved the revised selling prices in July, tightened alienation restrictions of the HOS 2018 flats, and reopened the sale exercise for additional applications in October. Flat selection will start in February 2019 and construction is expected to be completed from 2018-19 to 2020-21.

Separately, in a Housing Society presale in June, all 620 flats were sold.

### ***White Form Secondary Market Scheme***

Regularised in 2017, this scheme aims to address the home ownership aspirations of White Form applicants<sup>6</sup>. White Form Secondary Market Scheme 2018 was launched in March 2018 with a quota of 2,500.

### ***Green Form Subsidised Home Ownership Scheme***

The GSH aims to help relatively better-off Green Form applicants<sup>7</sup> move up the housing ladder. Applications started in December for the first regularised GSH project, the 2,545-flat Lai Tsui Court in Cheung Sha Wan, attracting over 40,000 applications.

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<sup>6</sup> White Form applicants are households that are not PRH tenants and meet the eligibility criteria for buying SSFs.

<sup>7</sup> Green Form applicants are mainly PRH tenants and PRH applicants who have passed the detailed eligibility vetting and obtained a Green Form Certificate.

### ***'Starter Homes' Pilot Scheme for Hong Kong Residents***

Starter Homes aim to help higher-income families which are not eligible for the HOS and yet cannot afford private-sector housing to fulfil their home ownership aspirations amid rising property prices. The concept was introduced in the Chief Executive's October 2017 Policy Address, and in June 2018, the government announced testing it out by inviting the Urban Renewal Authority (URA) to assign its redevelopment project at Ma Tau Wai Road as a Starter Home pilot project, providing 450 flats of between 24 sq m (261 sq ft) and 47 sq m (507 sq ft). The URA said in December that the discount would be 38 per cent of assessed market values.

### **Private-sector Housing**

The government monitors the residential market and is alert to the risks of a property bubble. To ensure healthy development of the market, it increases land supply, combats speculative activities, manages demand for residential properties, increases transaction transparency and prevents overexpansion in mortgage lending.

Demand-side management measures are in place to address the overheated market. Special stamp duty, buyer's stamp duty, doubled ad valorem stamp duty and new residential stamp duty aim to curtail speculation, external demand and investment demand, and accord priority to the home ownership needs of Hong Kong permanent residents.

### ***Special Rates on Vacant First-hand Private Residential Units***

The government proposes amending the Rating Ordinance to introduce Special Rates on vacant first-hand private residential units. The amendment will require developers of first-hand private residential units with occupation permits issued for 12 months or more to furnish annual returns to the government on the status of these units. First-hand units that have not been rented out for more than six months during the past 12 months will be subject to Special Rates. The Rating and Valuation Department will collect Special Rates annually at 200 per cent the rateable value of the units. The government is preparing the Rating (Amendment) Bill for introduction into the Legislative Council as soon as practicable.

### ***Amending the Consent Scheme***

To improve market transparency and consumer protection, the government's amended Consent Scheme requires developers to offer for sale no less than 20 per cent of the total number of flats subject to the relevant presale consent at each turn of sale, regardless of the sales method, including tenders and auctions. If the remaining unsold flats make up less than 20 per cent, the developer has to offer all these flats for sale in one go. The new requirement came into effect on 29 June and applies to both presale consent applications being processed at that time and all new applications received after that date.

### ***Sale of First-hand Residential Properties***

The Residential Properties (First-hand Sales) Ordinance and the work of the Sales of First-hand Residential Properties Authority enhance the transparency and fairness of sales in first-hand homes, strengthen consumer protection and provide a level playing field for vendors. In 2018,

officers conducted about 67,300 examinations on sales-related documents and about 3,040 site inspections to sales offices and show flats.

**Estate Agents**

The practice and conduct of estate agents, who handle the vast majority of residential transactions, 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, which also promulgates best practices, conducts inspections, investigates complaints, imposes penalties on licensees who break the rules, provides training and promotes consumer education. As at end-December, the city had about 40,150 individual and 3,800 corporate licence holders.

**Websites**

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)

Transport and Housing Bureau: [www.thb.gov.hk](http://www.thb.gov.hk)