

Chapter 12

Housing

The government's policy objectives are to provide public rental housing for low-income families to meet their basic housing needs; provide subsidised sale flats to enhance the 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 also the Chairman of the Hong Kong Housing Authority and is supported by the Director of Housing.

The Housing Authority is a statutory body that develops and implements public housing programmes. Its vision is to provide affordable rental housing to low-income families with housing needs, and to provide subsidised sale flats (SSFs) to help low- to middle-income families achieve home ownership.

The Housing Department is the executive arm of the Housing Authority. 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, facilitates home buyers' access to full and accurate information and oversees policy matters on the regulation of estate agents.

Hong Kong had about 2,853,300 flats at end-December 2019, comprising about 834,600 public rental units¹, 419,600 SSFs² and 1,599,100 private-sector flats. About 30 per cent and 15 per cent of the population lived in public rental units and SSFs, respectively. The Housing Authority's revised estimated housing expenditure in 2018-19 was about \$32 billion, or 5.6 per cent of public expenditure.

Long Term Housing Strategy

The government's Long Term Housing Strategy principles to address the housing supply-demand imbalance are 'supply-led' and 'flexible'.

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

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

It has three strategic directions: to provide more public rental housing (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.

Under 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 2019, the government announced the total supply target of 430,000 units for the 10 years from 2020-21 to 2029-30, with the public-private split of new housing supply maintaining at 70:30. Accordingly, the public housing supply target is 301,000 units, comprising 210,000 PRH/Green Form Subsidised Home Ownership Scheme (GSH) flats and 91,000 Other SSFs, while the private housing supply target is 129,000 units.

The city finished building some 29,600 homes in 2019, comprising about 13,600 private residential flats, excluding village houses, and about 16,000 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. At December 2019, about 71,700 PRH and GSH units and 23,700 Other SSFs would be built over the five years from 2019-20.

It is the government's policy to maintain healthy development of the residential market. 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 of 2019, about 2.2 million people, or 30 per cent of the population, lived in public rental units of the Housing Authority and Hong Kong Housing Society³. At end-December, there were about 151,900 PRH applications from general applicants and, under the Quota and Points System (QPS), about 108,500 non-elderly one-person applications. The average waiting time⁴ for general applicants was 5.4 years.

³ 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.

⁴ 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 asked 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 and management and maintenance costs, and averaged \$2,072 within a range of \$433 to \$5,159 per month at end-December. Rent adjustments are based on changes in PRH 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. At end-December, 18,900 households were recipients.

Better-off Tenants

The Housing Authority Well-off Tenants Policies⁵ help the allocation of PRH resources to focus on those with more pressing housing needs. This initiative levies additional rent on better-off tenants. At end-December, about 31,400 households paid 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, involving about 2,280 households and 10 commercial tenants. Mei Po and Mei Tung Houses 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 and related rehousing work is under way.

Sustainable Public Housing Stock

The Housing Authority adopts a life-cycle maintenance strategy to keep its public housing stock economically, socially and environmentally sound. Estates about 40 years old and above are monitored to ensure structural safety and financial sustainability. It also inspects conditions within PRH flats and makes minor repairs or improvements on the spot. About 69,000 flats in 42 estates were checked in 2019.

Housing estates are rejuvenated and the facilities are upgraded to meet tenants' changing needs, including lift modernisation programmes, barrier-free access improvement, recreation facilities enhancement, and renovation of the building exteriors and common areas.

PRH 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 lives in PRH. All applicants must meet the PRH eligibility criteria.

⁵ '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 must make declarations every two years. PRH households with income exceeding the prescribed limits pay additional rent. Those who 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 who refuse to make a declaration, must vacate their PRH units.

About 27,700 PRH units were allocated in 2019. Of these, about 20,300 were allocated to general applicants and to non-elderly one-person applicants under the QPS, and about 4,400 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 880 households benefited from this scheme in 2019.

Special Arrangements for Elderly Residents

Elderly single people 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 one-person applicants was about three years at end-December. Families are encouraged to live with their elderly relatives in PRH estates.

Home Ownership

Subsidised Sale Flats

The government provides SSFs to address the home ownership aspirations of low- to middle-income families. In May, 4,871 new flats under Sale of Home Ownership Scheme (HOS) Flats 2019 were launched for applications. Flat selection started in December. Some construction was completed in 2019 and the rest are expected to be completed in 2020-21. In view of the revised pricing mechanism, in November 2018, the Housing Authority further tightened the alienation restrictions of SSFs launched by the Housing Authority from 2019.

White Form Secondary Market Scheme

The Housing Authority regularised the White Form Secondary Market Scheme (WSM) in 2017 to address the home ownership aspirations of White Form applicants⁶. WSM 2018 was launched in March 2018 with a quota of 2,500 flats, increased to 3,000 in March 2019.

Green Form Subsidised Home Ownership Scheme

The GSH aims to help relatively better-off Green Form applicants⁷ move up the housing ladder. Application for the first regularised GSH project, Lai Tsui Court in Cheung Sha Wan, was launched in December 2018 and all 2,545 flats were sold out in June 2019. The Housing Authority endorsed the conversion of two PRH developments in Chai Wan and Tsing Yi to GSH projects in March, offering around 3,700 flats to receive applications by end-2019.

'Starter Homes' Pilot Scheme for Hong Kong Residents

The 'Starter Homes' (SH) pilot project aims to help higher-income families who are not eligible for the HOS and yet cannot afford private-sector housing to meet their home ownership

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

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

aspirations. The first SH pilot project, at Ma Tau Wai Road, was launched in 2018, when 450 SH units were offered at 62 per cent of their assessed market values, with an over-subscription rate of 45 times. All units were sold in June 2019. With the public's strong demand for SH units and a positive community response to the SH concept, it was announced in the Policy Address in October 2019 that the government would put up a site on Anderson Road in Kwun Tong for sale in the first quarter of 2020 for the second SH pilot project. In addition to building private housing units, the developer will have to offer about 1,000 SH units for sale at below-market prices to eligible applicants specified by the government.

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, the government increases land supply, combats speculative activities, manages demand for residential properties, increases transaction transparency and prevents over-expansion 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 amid a tight housing supply.

Special Rates on Vacant First-hand Private Residential Units

The government announced on 29 June 2018 its proposal to introduce Special Rates on vacant first-hand residential units by amending the Rating Ordinance, so as to encourage more timely supply of these units. It introduced the Rating (Amendment) Bill 2019 into the Legislative Council for scrutiny on 23 October 2019.

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 (SRPA) enhance the transparency and fairness of sales in first-hand homes, strengthen consumer protection and provide a level playing field for vendors. In 2019, SRPA officers conducted about 19,940 examinations on sales-related documents and about 550 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 and promotes consumer education. At end-December, the city had about 39,520 individual and 3,840 corporate licence holders.

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