

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 property 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 Housing Authority's executive arm, providing secretariat and executive support to the authority and its committees. As the Transport and Housing Bureau's housing arm, it also monitors the private residential property market, facilitates home buyers' access to full and accurate information and oversees policy for the regulation of estate agents.

Hong Kong had about 2,904,800 flats at year end, comprising about 842,200 public rental units¹, 427,500 SSFs² and 1,634,900 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 estimate for housing expenditure in 2019-20 was about \$30 billion, or 4.7 per cent of public expenditure.

Long Term Housing Strategy

The government's Long Term Housing Strategy (LTHS) is 'supply-led' and 'flexible' to address the imbalance between housing supply and demand.

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.

The LTHS has three directions: (1) to provide more public rental housing (PRH) and ensure the rational use of existing resources; (2) to provide more SSFs, expand the forms of subsidised home ownership and facilitate market circulation of existing stock; and (3) to stabilise the residential property market through steady land supply and demand-side management measures, and promote good sales and tenancy practices for private residential properties.

Under the LTHS, the government updates the long-term housing demand projection annually and presents a rolling 10-year housing supply target to reflect social, economic and market changes over time. In December, the government announced the total supply target of 430,000 units for the 10 years from 2021-22 to 2030-31, with the public-private split of new housing supply maintained at 70:30. 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 government has identified 330 hectares of land capable of providing 316,000 public housing units, sufficient to meet the supply target of 301,000 public housing units in the next 10 years.

Some 35,100 homes were completed in 2020, comprising about 20,900 private residential flats (excluding village houses) and about 14,200 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, about 67,100 PRH and GSH units and 28,100 Other SSFs were expected to be built over the five years from 2020-21.

The government's policy is to maintain healthy development of the residential property market. At year end, it was estimated about 92,000 first-hand private residential flats would become available in the next three to four years.

Public Rental Housing

In the fourth quarter of 2020, about 2.21 million people, or 30 per cent of the population, lived in public rental units of the Housing Authority and Hong Kong Housing Society³. At year end, there were about 153,900 PRH applications from general applicants and, under the Quota and Points System (QPS), about 99,500 non-elderly one-person applications. The average waiting time⁴ for general applicants was 5.7 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 ranged from \$485 to \$5,657 (with an average of \$2,274) per month at year end. Rent adjustments are based on changes in tenants' overall household incomes. The rents are reviewed every two years, with the most recent review completed in July 2020.

Tenants facing temporary financial difficulties are granted rent reductions of 25 or 50 per cent under the Housing Authority's Rent Assistance Scheme. At year end, about 23,300 households were recipients.

To ease the financial burden of PRH tenants during the pandemic, the government paid the rent in January and July for lower income tenants living in public rental units of the Housing Authority and Hong Kong Housing Society, benefiting about 790,000 households. Furthermore, when the Housing Authority endorsed the 2020 PRH rent review in July, it also provided rent waivers for PRH tenants in September 2020 and September 2021.

Better-off Tenants

The Housing Authority Well-off Tenants Policies⁵ help focus PRH resources on those with more pressing housing needs by levying additional rent on better-off tenants. At year end, about 32,000 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 November 2021, and Block 13 is to be cleared by February 2022, 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 April 2021, affecting around 630 households and 26 commercial tenants. Rehousing of the affected households 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 that are 40 years old or more are monitored to ensure structural safety and financial sustainability. The authority also inspects conditions within PRH flats and makes minor repairs or improvements on the spot.

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

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 prevailing Public Rental Housing Income Limits (PRHILs), or whose net household assets exceed 100 times the prevailing PRHILs, or who refuse to make a declaration, must vacate their PRH units.

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

About 19,500 PRH units were allocated in 2020. Of these, about 13,400 were allocated to general applicants and to non-elderly one-person applicants under the QPS, and about 3,600 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 960 households benefited from this scheme in 2020.

Special Arrangements for Elderly Residents

Elderly single people can apply for PRH under the Single Elderly Persons Priority Scheme, or 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 3.4 years at year end. Families are encouraged to live with their elderly relatives in PRH estates.

Home Ownership

Subsidised Sale Flats

The government provides SSFs to enable low- to middle-income families to own their own homes. In June, all 4,871 new flats under Sale of Home Ownership Scheme (HOS) Flats 2019 were sold, and in September applications started for around 7,000 new flats under the 2020 scheme.

White Form Secondary Market Scheme

The White Form Secondary Market Scheme (WSM) addresses the home ownership aspirations of White Form applicants⁶. The quota for WSM 2020 (launched in September along with Sale of HOS Flats 2020) was raised from 3,000 to 4,500.

Green Form Subsidised Home Ownership Scheme

The GSH aims to help relatively better-off Green Form applicants⁷ move up the housing ladder. Flat selection was completed in December for two GSH developments in Chai Wan and Tsing Yi, converted from PRH projects, offering around 3,700 flats for sale.

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.

Starter Homes Pilot Projects

Starter Homes (SH) pilot projects aim to help higher-income families who are not eligible for the HOS but cannot afford private-sector housing. The government sold by tender a private residential site at Anderson Road in May for the second SH pilot project.

Private-sector Housing

The government monitors the residential property market and is alert to the risks of a property bubble. To ensure the market's healthy development, 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 aim to stabilise the residential property market. Special Stamp Duty, Buyer's Stamp Duty and New Residential Stamp Duty aim to curtail speculation, external demand and investment demand, and accord priority to Hong Kong permanent residents' home ownership needs amid a tight housing supply.

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 2020, the authority's staff examined about 14,480 sales-related documents and made about 450 inspections of 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 working as estate agents must obtain a licence from the Estate Agents Authority, which also promulgates best practices and promotes consumer education. At year end, there were about 40,800 individual and 3,900 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