

## Chapter 12

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# 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 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 public rental housing (PRH) 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 2,939,400 flats at year end, comprising about 848,000 public rental units<sup>1</sup>, 436,100 SSFs<sup>2</sup> and 1,655,400 private-sector flats. About 30 per cent and 16 per cent of the population lived in public rental units and SSFs respectively.

The 2021-22 estimate for public expenditure on housing was about \$42.1 billion<sup>3</sup>, or 5.5 per cent of total public expenditure.

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<sup>1</sup> Comprising public rental housing 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.

<sup>3</sup> Section III in Appendix B of the Supplement and Appendices of the 2021-22 Government Budget.

## **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 69,000 PRH/Green Form Subsidised Home Ownership Scheme (GSH) units and 27,800 Other SSFs were expected to be built over the five years from 2021-22.

The government's policy is to maintain healthy development of the residential property market. At year end, it was estimated that about 98,000 first-hand private residential flats would become available in the next three to four years.

## **Long Term Housing Strategy**

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

The strategy has three aims: 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 property 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 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 2022-23 to 2031-32, 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/GSH flats and 91,000 Other SSFs, while the private housing supply target is 129,000 units. The government has identified about 350 hectares of land required for providing about 330,000 public housing units, which can meet the public housing demand of 301,000 units in the coming 10-year period. Some 30,700 homes were completed in 2021, comprising about 14,400 private residential flats (excluding village houses) and about 16,300 public housing flats.

The government has introduced various measures to help families living in inadequate housing in recent years.

## **Cash Allowance Trial Scheme**

The government launched the Cash Allowance Trial Scheme in June to support eligible general applicant households and relieve the pressure on families who have waited for PRH allocation for a prolonged period of time. As at year end, cash allowances were disbursed to around 67,000 households.

### **Transitional Housing**

Transitional housing aims to help people living in inadequate housing by making better use of vacant land and premises. By December, land had been identified that could provide more than 17,000 transitional housing units, of which about 2,000 were under operation, including about 700 provided by hotels and guesthouses under a scheme funded by the Community Care Fund. Over 4,400 units are under construction, and projects with over 11,200 units have commenced consultation, procurement or tender procedures.

### **Tenancy Control of Subdivided Units**

In October, the Legislative Council passed the Landlord and Tenant (Consolidation) (Amendment) Bill 2021 to enforce tenancy controls on subdivided units (SDUs), which will come into force on 22 January 2022. The amendment ordinance regulates SDU tenancies to provide tenants with much-needed security of tenure and protect them from unwarranted rent hikes on tenancy renewal, without unduly compromising the private property rights of landlords.

### **Public Rental Housing**

In the fourth quarter of 2021, about 2.22 million people, or 30 per cent of the population, were living in over 848,000 public rental units of the Housing Authority and Hong Kong Housing Society<sup>4</sup>.

### **Application and Allocation**

At year end, there were about 152,000 general applicants and 96,500 non-elderly one-person applicants under the Quota and Points System (QPS). The average waiting time<sup>5</sup> for general applicants who were housed to PRH in the past 12 months was six years.

General applicants are allocated PRH units according to the order of their registrations, family size and choice of districts. For non-elderly one-person applicants under the QPS, their priority is determined by age, waiting time and whether the person already lives in PRH. All applicants must meet the eligibility criteria.

About 25,000 PRH units were allocated in 2021. Of these, about 16,600 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 government 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 1,200 households benefited from this scheme in 2021.

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<sup>4</sup> The Hong Kong 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>5</sup> Waiting time refers to the time taken between registration for PRH and first flat offer, excluding any frozen period during the application period, such as when the applicant has not yet fulfilled the residence requirement, requested to put the application on hold pending the arrival of family members for a family reunion or is imprisoned.

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

### **Rental Level and Assistance**

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 \$2,278) per month at year end. The rents are reviewed every two years and rent adjustments are based on changes in tenants' overall household incomes. The next rent review will be conducted in mid-2022.

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 25,300 households were recipients.

Since May 2020, the Housing Authority has implemented a temporary relief measure to withhold a Notice-to-Quit against tenants unable to pay their rent on time due to financial hardship. Taking into account the economic downturn, the measure has been extended three times, running to March 2022. Since the implementation of the measure, a cumulative total of 1,621 applications had been approved.

The Housing Authority's Well-off Tenants Policies<sup>6</sup> help focus PRH resources on those with more pressing housing needs by levying additional rent on better-off tenants. At year end, about 33,000 households paid additional rent.

## **Maintaining Public Housing Stock**

### **Schemes for Maintenance**

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 arranges necessary repairs.

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

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<sup>6</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 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.

### ***Innovation and Technology in Public Housing Development***

The Housing Authority's Development and Construction Division has updated Building Information Modelling (BIM) standards and guidelines, produced new templates to support different project implementations and expanded its BIM object libraries. Contractors are required to submit 4D videos as part of complex building and foundation tenders.

Two updated mobile apps were rolled out in 2021, supporting site staff carrying out final flat-to-flat inspections, while a foundation works inspection app was launched, enabling site staff to record inspections of commonly used pile types.

Tenders for building contracts that include robots for painting walls, laying floor tiles and similar activities are allocated technical scores if they enhance productivity, quality, safety and environmental performance.

Drones supported by artificial intelligence that can produce 3D photo-realistic models to locate cracks and other defects were trialled at public housing projects in Ma On Shan and Chai Wan.

### **Home Ownership**

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

The government provides SSFs to enable low- to middle-income families to own their own homes. In September, about 7,000 new and rescinded flats under the Sale of Home Ownership Scheme (HOS) Flats 2020 were sold. Furthermore, PRH tenants in the 39 existing Tenants Purchase Scheme (TPS) estates can buy flats in which they reside. As at end-December, around 150,000 TPS flats had been sold. Recovered TPS flats will be put up for sale in HOS/GSH sale exercises. Under the GSH 2020-21 sale exercise, about 800 recovered TPS flats have been put up for sale.

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

The White Form Secondary Market Scheme (WSM) addresses the home ownership aspirations of White Form applicants<sup>7</sup>. 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 applicants<sup>8</sup> move up the housing ladder. About 2,100 new GSH flats, about 500 unsold or rescinded GSH flats from Sale of GSH Flats 2019 and about 800 recovered TPS flats were put up for sale in May. Balloting was held in August and flat selection began in late October.

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<sup>7</sup> White Form applicants are households that are not PRH tenants and meet the eligibility criteria for buying SSFs.

<sup>8</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 Projects**

Starter Homes pilot projects aim to help higher-income families who are not eligible for the HOS but cannot afford private-sector housing. Apart from 493 units sold under the first pilot project at Ma Tau Wai Road, the government is taking forward three other projects which will provide over 3,000 units.

### **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. The 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 2021, the authority's staff examined about 23,290 sales-related documents and made about 580 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 42,060 individual and 3,940 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)