

Chapter 8

Housing

Solving the housing problem is the government's top priority. To tackle this major issue, the Steering Committee on Land and Housing Supply and the Task Force on Public Housing Projects were set up in July to steer and monitor the various segments involved in land creation to housing construction, and they have submitted their first reports to the Chief Executive.

As stated in the 2022 Policy Address, the Chief Executive has accepted the two reports and set a series of key strategies and targets to increase public housing supply in the next five years by enhancing quantity, speed, efficiency and quality, thereby reducing the waiting time for public rental housing. New measures include introducing light public housing to help people living in inadequate housing as soon as possible, an advance allocation scheme that will expedite the completion of some public rental housing units and allow people to move into completed units in phases, and a pilot scheme to encourage private developers to participate in building subsidised sale flats.

The Long Term Housing Strategy Annual Progress Report 2022 was released in October. Its latest projection of the total housing supply target for the 10 years from 2023-24 to 2032-33 is 430,000 units, with the public-private split of new housing supply maintained at 70:30. The government has identified sufficient land for about 360,000 public housing units, which can meet the public housing demand of 301,000 units in the coming 10 years.

To fill the short-term public housing gap as soon as possible, government and private land that does not have a long-term development plan to be implemented in the near future will be used to build light public housing units with standardised simple design by the modular integrated construction method. The target is to build about 30,000 units by 2027-28.

Combining the potential of light public housing and traditional public rental housing, the government aims to shorten the composite waiting time for subsidised rental housing from about six years to about 4.5 years in four years' time.

The Secretary for Housing oversees housing matters. She 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 which 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. The Housing Bureau monitors the private residential property market, facilitates homebuyers' access to full and accurate information and oversees policy for the regulation of estate agents.

As at the fourth quarter of 2022, there were about 2,974,700 flats in Hong Kong, comprising about 858,900 public rental units¹, 439,000 SSFs² and 1,675,000 private-sector flats. About 30 per cent and 16 per cent of the population lived in public rental units and SSFs respectively.

The 2022-23 estimate for public housing expenditure was about \$44.9 billion, or 5.3 per cent of the total public expenditure.

Housing Policy

The government provides PRH to low-income families who cannot afford private rental accommodation and SSFs to low- to middle-income families with home ownership aspirations, mainly through the Housing Authority.

The authority has a rolling five-year Housing Construction Programme to monitor the progress of each project. As at December, about 3,700 PRH/Green Form Subsidised Home Ownership Scheme (GSH) units and 6,900 other SSFs were expected to be built in 2022-23 and about 76,300 PRH/GSH units and 34,700 other SSFs were expected to be built over the five years from 2023-24.

On private housing, the government's policy is to maintain healthy development of the residential property market.

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

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

² Excluding flats provided by the Urban Renewal Authority.

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 October, the government announced the total supply target of 430,000 units for the 10 years from 2023-24 to 2032-33, 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 sufficient land for providing about 360,000 public housing units, which can meet the public housing demand of 301,000 units in the coming 10-year period. Some 30,700 flats were completed in 2022, comprising about 21,200 private residential flats (excluding village houses) and about 19,300 public housing flats.

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

Cash Allowance Trial Scheme

The Cash Allowance Trial Scheme, launched in 2021, supports eligible general applicant households and relieves the pressure on families who have waited for PRH allocation for a prolonged period of time. As at year end, a total of around \$2.53 billion in cash allowances were disbursed to around 84,000 households.

Light Public Housing

To fill the short-term public housing gap as soon as possible, the government announced in October the plan to build light public housing (LPH) on government and private land, of which the long-term development plan will not be implemented in the near future. The target is to construct about 30,000 units with standardised simple design in the next five years using the modular integrated construction method.

With the development of LPH, the Composite Waiting Time for Subsidised Rental Housing index has been introduced to better reflect the government's effectiveness in improving the public's living conditions by providing different types of subsidised rental housing. It calculates the composite waiting time for general applicants to receive the first offer of traditional PRH or LPH units.

Transitional Housing

Transitional housing aims to help people living in inadequate housing by making better use of temporarily vacant land and premises. By December, land had been identified that could provide more than 20,000 transitional housing units, of which over 5,500 units had been put into service or completed service, about 15,200 units were under construction or tendered, and about 70 units had advance works initiated.

Tenancy Control of Subdivided Units

Part IVA of the Landlord and Tenant (Consolidation) Ordinance took effect on 22 January to enforce tenancy control on subdivided units. The ordinance regulates subdivided unit tenancies to provide tenants with much-needed security of tenure and protect them from unwarranted rent increases on tenancy renewal, without unduly compromising the private property rights of landlords.

Public Rental Housing

At the fourth quarter of 2022, about 2.2 million people, or 30 per cent of the population, were living in 858,900 public rental units of the Housing Authority and Hong Kong Housing Society³.

Application and Allocation

At the fourth quarter of 2022, there were about 133,700 general applicants and 96,200 non-elderly one-person applicants under the Quota and Points System (QPS). The average waiting time⁴ for general applicants who were housed to PRH in the past 12 months was 5.5 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 34,000 PRH units were allocated in 2022. Of these, about 28,800 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 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 1,600 households benefited from this scheme in 2022.

Elderly single people can apply for PRH under the Single Elderly Persons Priority Scheme, or apply with other elderly people under the Elderly Persons Priority Scheme. These schemes grant priority to eligible elderly applicants over ordinary family applicants. The average waiting time for elderly one-person applicants was 3.9 years at the fourth quarter of 2022. Families are encouraged to live with their elderly relatives in PRH estates.

³ 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.

⁴ 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.

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. PRH rent was adjusted upwards by 1.17 per cent with effect from 1 October. Considering the economic difficulties caused by the COVID-19 epidemic, the authority endorsed a special relief measure for PRH tenants which waives the extra rent payable for the first 12 months following the rent adjustment. The next rent review will be conducted in mid-2024.

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 22,900 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 five times, running to December 2022. Since the implementation of the measure, a cumulative total of 1,751 applications have been approved.

The Housing Authority's 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.

Maintaining Public Housing Stock

Schemes for Maintenance

The Housing Authority adopts a holistic strategy to preserve the quality of its public housing stock and has introduced various maintenance and rejuvenation programmes to match the life cycle of PRH estates, ensuring their structural safety, providing timely maintenance within PRH flats and upgrading estate facilities to meet the residents' needs. These programmes not only ensure a safe and pleasant living environment for the residents, but also sustain the lifespan and economic value of the public housing stock.

Innovation and Technology in Public Housing Development

In 2022, the Housing Authority updated its Building Information Modelling (BIM) standards and guidelines to keep abreast of the construction industry's latest modelling standard and applications. A BIM training video library was established to enable staff to refer to BIM applications, acquire BIM knowledge and sharpen their skills at all times. Technologies such as

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.

generative design and reality capture have been integrated with BIM and adopted at the planning, design and construction stages of selected projects to enhance efficiency and buildability.

During the year, the Housing Smart Intake System was launched to provide an e-submission service for tenants to report defects during the first intake of new public rental housing estates, and the Materials Testing Request app was rolled out for site staff to enhance the management of materials testing activities on site.

Tenders for building contracts that include robots for painting walls, laying floor tiles and similar activities are allocated technical scores if they can enhance productivity, quality, safety and environmental performance. In addition, different types of robots have been introduced on construction sites successively for assessment of performances.

Small unmanned aerial vehicles with cameras and supported by artificial intelligence that can produce photo-realistic models and identify cracks and other defects from external images of buildings were tried out in seven public housing projects from 2020 to 2022 and are now fully implemented in new public housing projects.

Home Ownership

Subsidised Sale Flats

The government provides SSFs to enable low- to middle-income families to own their own homes. In February, applications were invited for the Sale of Home Ownership Scheme (HOS) Flats 2022 involving about 8,900 new flats. Eligible applicants were invited for flat selection starting from November. Furthermore, PRH tenants in the 39 existing Tenants Purchase Scheme (TPS) estates can buy flats in which they reside. As at the third quarter of 2022, around 151,500 TPS flats had been sold. Recovered TPS flats were put up for sale in HOS/GSH sale exercises. The first batch of about 800 recovered TPS flats were put up for sale under the Sale of GSH Flats 2020-21 exercise. The second batch of about 500 recovered TPS flats have been put up for sale under Sale of HOS Flats 2022.

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 2022, launched in February along with Sale of HOS Flats 2022, was maintained at 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 for Sale of GSH Flats 2020-21, comprising about 2,100 new GSH flats, 500 unsold or rescinded flats from Sale of GSH Flats 2019 and 800 recovered TPS flats, was completed in May.

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.

About 4,700 new GSH flats were put up for sale under the Sale of GSH Flats 2022 in September and balloting was held in December.

Starter Homes Projects

Starter Homes projects aim to help higher-income families who are not eligible for the HOS but cannot afford private-sector housing to meet their home ownership aspirations. Apart from 493 units sold under the first Starter Homes project, eResidence at Ma Tau Wai Road, five other projects in the pipeline will provide more than 6,000 units.

Private-sector Housing

To ensure the healthy development of the residential property 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 aim to stabilise the residential property market. The Special Stamp Duty, Buyer's Stamp Duty and New Residential Stamp Duty aim to curtail short-term 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 in sales of first-hand homes, strengthen consumer protection and provide a level playing field for vendors. In 2022, the authority's staff examined about 17,530 sales-related documents and made about 540 inspections of sales offices and show flats.

Estate Agents

The practice and conduct of estate agents, who handle the vast majority of residential property 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 41,110 individual and 3,940 corporate licence holders.

Websites

Hong Kong Housing Authority/Housing Department: www.housingauthority.gov.hk

Hong Kong Housing Society: www.hkhs.com

Housing Bureau: www.hb.gov.hk