

Chapter 12

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, assisted by the Director of Housing, and is also the Hong Kong Housing Authority's chairman.

The Housing Department has 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 involving 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 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 2,764,800 flats as at end-December, comprising about 808,300 public rental units¹, 404,500 subsidised sale flats² and 1,552,000 private-sector flats. About 29 per cent and 16 per cent of the population live in public rental units and subsidised sale flats respectively. The Housing Authority's revised estimated housing expenditure in 2016-17 was \$29.5 billion, about 5.9 per cent of public expenditure.

Long Term Housing Strategy

The government adopts a supply-led principle according to its Long Term Housing Strategy to address the supply-demand imbalance.

¹ Including PRH and interim housing flats under the Hong Kong 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.

Three major directions are set out in the strategy: to provide more PRH and ensure the rational use of resources; to provide more subsidised sale flats, 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.

In December, the government announced a total housing supply target of 460,000 flats for the 10 years from 2018-19 to 2027-28, maintaining the public-private split at 60:40. Accordingly, the public housing supply target is 280,000 units, comprising 200,000 PRH units and 80,000 subsidised sale flats, and the private housing supply target is 180,000 units. The government updates the long-term housing demand projection annually and presents a rolling 10-year supply target to reflect changing circumstances.

The city finished building some 31,840 homes in 2017, comprising about 17,800 private-sector flats, excluding village houses, and 14,040 public housing flats, comprising PRH and subsidised sale flats.

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 Public Housing Construction Programme to monitor the progress of each project. As at December 2017, about 73,400 PRH flats and 23,400 subsidised sale flats would be built over the five years from 2017-18.

It is the government's policy to maintain the healthy and stable development of the residential market. As at end-December, the estimated supply of first-hand private flats for the next three to four years was about 97,000 units.

Public Rental Housing

In the fourth quarter, about 2.14 million people, or 29 per cent of the population, lived in public rental flats of the Housing Authority and Hong Kong Housing Society³. There were about 155,100 PRH general applicants, and 127,800 non-elderly one-person applicants under the Quota and Points System (QPS). The average waiting time⁴ for general applicants was 4.7 years.

The Housing Authority's long-established policy is to set affordable PRH rents. Its rents include rates, management and maintenance costs, and averaged about \$1,880 within the range of

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 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 to PRH in the past 12 months.

\$346 to \$4,690 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 2016.

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, about 17,070 households were recipients.

Better-off Tenants

Higher rents are levied on better-off tenants. As at end-December, about 24,800 households were paying higher rents.

In the light of persistent demand for PRH, the Housing Authority endorsed revisions to the Well-off Tenants Policies and the implementation details in December 2016 and February 2017 respectively. The revised policies were implemented from October 2017. Under the revised policies, households that have lived in PRH for 10 years are required to make declarations every two years. PRH households with income exceeding the prescribed income limits have to 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 flats.

Estate Clearance

In August, the Housing Authority announced the clearance of six PRH blocks. Blocks 9, 10 and 11 in Pak Tin Estate, Sham Shui Po, are targeted to be cleared by April 2020, and Block 13 is to be cleared by January 2021; a total of about 2,280 households and 10 commercial tenants are involved. 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.

Sustainable Public Housing Stock

The Housing Authority adopts a life-cycle maintenance strategy to keep its public housing stock economically, socially and environmentally sound. Under a Total Maintenance Scheme, it proactively inspects conditions within PRH flats and makes minor repairs or improvements on the spot. About 45,000 flats in 33 estates were checked in 2017.

Estates around 40 years old are monitored under the Comprehensive Structural Investigation Programme to ensure they are safe and economically sustainable. The Estate Improvement Programme and lift addition projects serve to provide a good living environment and enhance pedestrian access within estates, respectively.

Allocation

In 2017, about 22,000 PRH flats were allocated. Of the total, about 16,000 were allocated to general applicants and to non-elderly one-person applicants under the QPS, and about 3,700 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.

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 Housing Authority's residence requirements and pass detailed income and asset vetting and the Domestic Property Test.

Eligible applicants may be allocated PRH earlier by opting for less popular flats under the Express Flat Allocation Scheme. About 780 households benefited from this scheme in 2017.

Home Ownership

Subsidised sale flats

The government provides subsidised sale flats in response to the home ownership aspirations of low- to middle-income families. The third batch of 2,057 new HOS flats was put up for pre-sale in March. All the flats were sold by October 2017 and are due to be completed in 2018-19.

In October, the Housing Society offered its third batch of 620 subsidised sale flats for pre-sale.

The Housing Authority's Interim Scheme to Extend the HOS Secondary Market to White Form Buyers⁵ has helped about 4,000 applicants achieve home ownership on the secondary market and promoted the circulation of subsidised sale flats. The Housing Authority has conducted a review and the interim scheme was regularised as the White Form Secondary Market Scheme, which will be launched with an annual quota of 2,500 in the first quarter of 2018 together with the Sale of HOS Flats 2018.

Green Form Subsidised Home Ownership Pilot Scheme

King Tai Court, the PRH project in San Po Kong selected by the Housing Authority in 2016 for sale to Green Form applicants⁶ under the Green Form Subsidised Home Ownership Pilot Scheme (GSH), was nearly 18 times oversubscribed. All the 857 flats were sold. In the October 2017 Policy Address, the government proposed providing more GSH flats among newly built public housing. The Housing Authority expects to complete reviewing the effectiveness of the pilot project in early 2018.

'Starter Homes' Pilot Scheme for Hong Kong Residents

As announced in the October 2017 Policy Address, the government plans to introduce, on the premise that public housing supply will not be affected, the 'Starter Homes' Pilot Scheme for Hong Kong Residents as a new form of subsidised home ownership, to reignite the hopes of middle-class families to own a home in the face of rising property prices.

The government's initial thinking is to add provisions to the land lease requiring developers to pursue mixed developments on sites owned by themselves or bought from the government,

⁵ White Form applicants are households that are not PRH tenants and meet the eligibility criteria for buying subsidised sale flats.

⁶ Green Form applicants are mainly PRH tenants and PRH applicants who have passed the detailed eligibility vetting and obtained a Green Form Certificate.

that is, to design, build and sell a specified number of Starter Homes to eligible buyers in addition to private-sector housing. One proposal under the scheme is to offer for sale a residential site at Anderson Road, Kwun Tong, on the Land Sale Programme by 2018 to provide about 1,000 Starter Homes.

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. The average waiting time for elderly one-person applicants was about 2.6 years in end-December. Harmonious Families Schemes encourage families to live with their elderly relatives in PRH estates to facilitate mutual care.

Private-sector Housing

To ensure the healthy and stable development of the residential market, the government monitors the market and is alert to the risks of a property bubble. To this end, it increases land supply, combats speculative activities, manages demand for residential properties, increases the transparency of transactions 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; ensure the healthy and stable development of the market; and accord priority to the home ownership needs of Hong Kong permanent residents 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 (SRPA) enhance the transparency and fairness of sales in first-hand homes, strengthen consumer protection and provide a level playing field for vendors. In 2017, the SRPA conducted about 26,500 examinations on sales-related documents and about 2,950 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 (EAA). As at end-December, individual and corporate licence holders numbered about 38,300 and about 3,600, respectively. The EAA issues licences, promulgates best practices, conducts inspections, investigates complaints, imposes penalties on licensees who break the rules, provides training and promotes consumer education.

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