

Hong Kong : The Facts

Housing



Housing Policy: Housing policy in Hong Kong is currently formulated, co-ordinated and monitored by the Secretary for Housing. The Housing Department (HD) supports the Housing Bureau in dealing with all housing-related policies and matters.

The Government promulgated the Long Term Housing Strategy (LTHS) in December 2014. It has three major strategic directions: (1) to provide more public rental housing (PRH) units and to ensure the rational use of existing resources; (2) to provide more subsidised sale flats (SSFs), expand the forms of subsidised home ownership and facilitate the market circulation of existing stock; and (3) to stabilise the residential property market through steady land supply and appropriate demand-side management measures, and to promote good sales and tenancy practices for private residential properties.

The Government set out in 2017 four elements of the housing policy of the Government:

(i) housing is not a simple commodity; while maintaining respect for a free market economy, the Government has an indispensable role to play in this area; (ii) the Government will focus on home-ownership, and strive to build a housing ladder to rekindle the hope of families in different income brackets to become home-owners; (iii) the Government will focus on supply and increase the supply of housing units based on LTHS; and (iv) when new supply is not yet available, the Government will optimise existing housing resources to help families awaiting PRH and residents in poor living conditions.

According to LTHS, the Government updates the long term housing demand projection annually and presents a rolling ten-year housing supply target to capture social, economic and market changes over time, and make timely adjustments where necessary. The Government announced the LTHS Annual Progress Report 2021 in December 2021. According to the latest projections, the total housing supply target for the 10-year period from 2022-23 to 2031-32 is 430 000 units. According to the public/private split of 70:30 for new housing supply, the public and private housing supply targets for the above 10-year period are 301 000 units and 129 000 units respectively. The target of 310 000 public housing units is comprised of 210 000 "PRH/Green Form Subsidised Home Ownership Scheme (GSH)" units and 91 000 "other SSFs". The Government has identified the 350 hectare of land required

for providing 330 000 public housing units, which can meet the public housing supply target of 301 000 units in the coming 10 years. The Government will continue to strive to increase housing supply on the basis of LTHS.

Private Sector Housing and Consumer Protection: The private sector has an important role to play in meeting the housing needs of the community. At the end of June 2022, the number of private permanent housing amounted to about 1.66 million units. The Government publishes statistics on private housing supply in the primary market on a regular basis to enhance market transparency. Based on the projection as at end-June 2022, the supply of first-hand private residential property market for the coming three to four years will stay at a high level of about 98 000 units, including about 14 000 unsold units in completed projects, about 66 000 units under construction less units sold by pre-sale; and about 17 000 units from disposed sites where construction may start any time. The figure 98 000 is about 1 000 units lower than that of the previous quarter (i.e. as at end-March 2022). Following the Government's continuous effort in increasing supply of housing land, the supply of first-hand private residential property should continue to maintain at a relatively high level.

To maintain the healthy development of the residential property market, the Government has continued to adopt a two-pronged approach by increasing housing land supply in the long run under a supply-led strategy, and implementing demand-side management measures, including the Special Stamp Duty, Buyer's Stamp Duty and New Residential Stamp Duty, so as to combat short-term speculative activities, curb external demand and reduce investment demand.

The Estate Agents Ordinance requires individuals/companies engaging in estate agency work to obtain the required licences. The Estate Agents Authority was set up in 1997 to handle the licensing work, regulate estate agency practices, and enhance the professionalism of the sector.

The Residential Properties (First-hand Sales) Ordinance and the work of the Sales of First-hand Residential Properties Authority (SRPA) have enhanced the transparency and fairness of sales in first-hand homes, strengthened consumer protection and provided a level playing field for vendors. Since the ordinance took effect in April 2013 and up to June 2022, the SRPA has conducted about 131 500 examinations on sales-related documents and about 4 880 site inspections to sales offices and show flats.

Public Housing Providers: Public housing in Hong Kong is mainly provided by the Hong Kong Housing Authority (HKHA) and the Hong Kong Housing Society (HKHS). HKHA is a statutory body established in 1973 responsible for implementing the majority of Hong Kong's public housing programmes. HKHS is an independent statutory organisation established in 1948 for providing specific categories of subsidised housing to help meet the housing needs of the community.

PRH: PRH is a long-established safety net for low-income families. As at the second quarter of 2022, about 2.16 million people (about 30 per cent of the population) lived in PRH flats while the PRH stock was about 850 700 units.

The Government will continue to assist low-income families who cannot afford private rental accommodation through PRH. The HKHA's target is to provide the first flat offer to general applicants (i.e. family and elderly one-person applicants) at around three years on average. As at end-June 2022, there were about 144 200 general applications. The average waiting time[^] for general applicants who were housed to PRH in the past 12 months was about 6.0 years.

It is the policy of the Government and the HKHA to accord priority to general applicants over non-elderly one-person applicants in the allocation of PRH units. Towards this end, the HKHA implements the Quota and Points System (QPS) for non-elderly one-person applicants. As at end-June 2022, there were about 98 400 QPS applications. Unlike general applicants, under QPS:

- the allocation of flats is subject to an annual quota;
- the priority of applicants for allocation of PRH units is determined by their accumulated points under the points system;
- the target of providing the first flat offer at around three years on average is not applicable to QPS applicants; and
- HD will conduct regular checking on the eligibility of applicants and cancel applications which no longer fulfill the PRH eligibility criteria and applicants who did not respond to the checking requests.

The HKHA has implemented the following measures to ensure that PRH flats are allocated to people in genuine need:

- Allocation of PRH flats to eligible general applicants in accordance with the order of registration;
- To be eligible, applicants must be 18 years of age or above. Applicants and their family members must be residing in Hong Kong and have the right to land in Hong Kong. They must not own or co-own or have an interest in any domestic property in Hong Kong. Applicants and their family members must also undergo comprehensive means tests covering both income and assets. Applicants' family income and total net asset must not exceed prescribed limits. At the time of flat allocation, at least half of the family members included in the application must have lived

in Hong Kong for seven years and all family members must be still living in Hong Kong;

- PRH tenancies cannot be passed on automatically from one generation to the next. Upon the death or moving out of the tenant, when there is no surviving spouse in the tenancy, the tenancy may be granted to an authorised person residing in the PRH flat subject to fulfilment of the comprehensive means test (with income and asset limits under the revised Well-off Tenants Policies) and the "no-domestic-property" requirement;
- Households who have been living in PRH for 10 years are required to declare their income and assets on a biennial basis pursuant to the "Well-off Tenants Policies", for determining their eligibility for PRH flats and the level of rent payable. In addition, households who are granted a new tenancy under the Policy on Grant of New Tenancy and households with their applications under the Tenancy Management Policies for PRH approved are also required to make a declaration biennially, irrespective of their length of residence. PRH households whose family income exceeds 5 times the prevailing PRH income limits (PRHILs) or whose total household net asset value exceed 100 times the prevailing PRHILs or opt not to declare should vacate their PRH flats; and
- Households with less than 10 years' residence in PRH are not required to declare their income and assets. However, if HD finds that they have domestic property ownership in Hong Kong upon receipt of complaints, they will be required to vacate their PRH flats, irrespective of their length of residence.

It has been a long-established policy of the HKHA for setting PRH rent at an affordable level. As stipulated in the Housing Ordinance, the HKHA shall conduct a rent review every two years and adjust PRH rent upwards or downwards according to the changes in the overall household income of PRH tenants as reflected by the change in the income index. PRH rent is inclusive of rates, management costs and maintenance expenses. After the rent review conducted in mid-2020, as at end-June 2022, PRH rent ranged from \$485 to \$5,657, and the average rent was about \$2,276 per month.

The income-based rent adjustment mechanism provides a framework that matches rental adjustments to changes in overall PRH household income, reflects tenants' affordability and contributes to the sustainability of Hong Kong's public housing programme.

Subsidised Home Ownership: Subsidised home ownership is one of the essential elements of the housing ladder. It serves as the first step for low- to middle-income families to achieve home ownership. It also provides an opportunity for PRH tenants whose financial conditions have improved to achieve home ownership, thereby releasing their PRH units for PRH applicants. As at end-June 2022, there were about 436 600 SSFs*, mainly flats under HOS. To ensure that SSFs are affordable to the target households, the pricing mechanism was revised in 2018 such that HOS flats are priced at an

affordable level which is no longer linked to market prices of private housing. Since SSFs are subject to alienation restrictions, owners have to pay premium to lift the alienation restrictions before selling their flats in the open market. They can also sell their flats through the HOS Secondary Market Scheme without paying premium.

The HKHA put up about 32 100 new HOS flats for sale from 2014 to 2022. The latest batch of about 8 900 new HOS flats was put up for sale in 2022, which are scheduled for completion in 2022/23 to 2024/2025. Besides, the HKHS put up a total of 2 628 SSFs for pre-sale / resale in 2012, 2016, 2017 and 2022.

- **White Form Secondary Market Scheme**

(WSM): Apart from the development of new HOS flats, the HKHA offers the HOS Secondary Market Scheme, under which Green Form applicants (mainly PRH tenants, but also include PRH applicants who have passed the detailed eligibility vetting) can purchase SSFs with premium unpaid. In response to the home ownership aspirations of low to middle-income families, the HKHA has endorsed regularising the White Form Secondary Market Scheme (WSM), allowing buyers with White Form status[#] to purchase SSFs with premium unpaid in the Secondary Market. In view of the persistently strong response to WSM, the HKHA has maintained the annual quota for WSM at 4 500 in 2022.

- **Green Form Subsidised Home Ownership**

Scheme (GSH): The HKHA regularised GSH in January 2018 to provide an alternative avenue for Green Form applicants to achieve home ownership. The HKHA put up a total of about 9 200 new GSH flats for sale from 2016 to 2021. The latest batch of GSH flats is scheduled to be launched for application in Q3 to Q4 2022, providing a total of about 4 700 new GSH flats, with scheduled completion in 2024/25 to 2026/27.

- **“Starter Homes” (SH) Pilot Projects for Hong**

Kong residents: Besides, the Government introduced the SH pilot project, which aims to help higher-income families who are not eligible for HOS and yet cannot afford private housing to meet their home ownership aspirations. The Urban Renewal Authority (URA) sold all 493 units at its first SH pilot project eResidence at Ma Tau Wai Road. The Government has successfully sold by tender a private residential site at Anderson Road for the second SH pilot project, which will provide no less than 1 000 SH units. URA has also assigned the redevelopment project adjacent to eResidence as another SH project, which is expected to provide around 260 SH units.

- **Tenants Purchase Scheme (TPS):** In order to accelerate the sale of unsold TPS flats, the HKHA endorsed the arrangements for the sale of recovered TPS flats and the additional incentives to encourage sitting TPS tenants to purchase the flats in which they reside in July 2020. In March 2021, the HKHA endorsed putting up the first batch

of about 800 recovered TPS flats for sale under GSH 2020/21 and the related sales arrangements. The HKHA endorsed in January 2022 the sales arrangements for putting up the second batch of recovered TPS flats (estimated to be about 500 flats) for sale under HOS 2022.

- **Letting Scheme:** In the light of the operational experience of the HKHS's Letting Scheme for Subsidised Sale Developments with Premium Unpaid (Letting Scheme), in July 2019, the HKHA endorsed joining the HKHS's enhanced Letting Scheme on a trial basis, allowing eligible owners of the HKHA's SSFs who have owned their flats for 10 years or more with premium unpaid to let their flats to eligible PRH applicants as well. Taking into account the HKHS' results of the enhanced Letting Scheme and the effectiveness of the HKHA's participation in the scheme, the HKHA agreed to join the scheme on a regular basis in June 2021. As at end-June 2022, around 960 applications from eligible owners and around 530 applications from eligible tenants had been approved, with 152 tenancy agreements signed.

Interim Housing: Interim housing mainly provides interim accommodation for persons affected by natural disasters or government clearance operations while waiting for PRH allocation, if they have stayed in the transit centre for three months, passed the “homeless test” and fulfilled the eligibility criteria for PRH.

Housing for Elderly People: As at end-June 2022, about 713 600 people aged 60 or above live in PRH flats of the HKHA and the HKHS, representing about 35 per cent of the elderly population in Hong Kong. The Government will continue to give elderly people in need priority access to public housing through various allocation schemes. As at end-June 2022, the average waiting time for elderly one-person applicants who were housed to the HKHA's PRH in the past 12 months was about 4.1 years. In support of the “ageing in place” policy of the Government, the HKHA has currently put in place a series of policies and measures to address the needs of the elderly PRH applicants and sitting elderly tenants include granting priority to elderly PRH applicants and encouraging the younger generation to take care of their elderly parents/relatives by living together or in the vicinity such that they could take care of each other. Regarding building design and facilities, since 2002, the HKHA has been adopted the major elements of Universal Design concept on various types of barrier-free facilities at common areas and inside the flats of new public housing developments, and incorporated some Universal Design elements in the refurbishment of all recovered PRH units. HKHA also undertakes adaptation/home modification works in PRH units and installs elderly fitness facilities/equipment. When implementing certain housing policies, such as the under-occupation policy and financial assistance, the HKHA

will also provide appropriate arrangements with reference to the needs of elderly.

The Chief Executive's 2018 Policy Address suggested that the HKHA launch a new concessionary initiative whereby under-occupation households whose family members are all aged 70 or above (UO70+) are allowed to enjoy lifetime full rent exemption upon their transfer to smaller units.

In December 2019, the HKHA implemented a trial scheme for granting full rent exemption to UO70+ upon their transfer to PRH units of suitable sizes. This initiative aims to provide a rent-free housing option for such all-elderly households to transfer to new or refurbished units, and to save living expenses. Furthermore, this initiative will help increase the supply of larger units for allocation to households awaiting PRH allocation with more family members. 300 PRH units will be allocated for the scheme on a first-come-first-served basis during the trial period. A review will be conducted after one-year implementation. In December 2020, the HKHA approved the regularisation of the scheme with enhancement measures, i.e. extending the coverage of the scheme to elderly households residing in Housing for Senior Citizens of Type I Design and non-self-contained Converted One-person units; and widening the district choice from the same District Council district to the same PRH Application District.

The HKHS is operating the Senior Citizen Residence Scheme which provides purpose-built housing with integrated health care facilities on a "lease-for-life" basis to eligible senior citizens in the middle income group. The HKHS also launched the Tanner Hill project at North Point in 2015 with one-stop housing and care services on a "lease-for-life" or "short-term tenancy" basis for the elderly with higher expectation and financial capability. Furthermore, HKHS launched the "Flat-for-Flat Pilot Scheme for Elderly Owners" in October 2019, which enables owners aged 60 or above who have owned a SSF under HKHS for at least ten years to sell their original flat and then purchase a smaller one in the Secondary Market under HKHA or HKHS without payment of premium.

Squatters: The number of squatters and squatter structures has been reduced in recent years through rehousing and clearance programmes. Since December 2002, the criteria for rehousing squatters upon clearance have been relaxed. Families who have resided in 1982-registered domestic squatter structures for two years immediately preceding to the date of announcement[@] of squatter area clearance and met the prescribed eligibility criteria for PRH will be allotted a notional PRH application number with a two-year waiting

time. If they will soon be allocated with PRH flat within 12 months' time, their application will be handled in advance.

Assisting Residents of Inadequate Housing: When the relevant housing supply is not yet available, the Government actively spearheads the implementation of transitional housing. As at July 2022, the Government has identified enough land for the provision of over 21 700 transitional housing units.

The Government launched the three-year Cash Allowance Trial Scheme (the Scheme) in late-June 2021 with a view to relieving the pressure on livelihood of grassroots families who have been waiting for PRH allocation for a prolonged period of time. Under the Scheme, the Government provides a cash allowance to eligible PRH General Applicant (GA) households who are not living in public housing, not receiving the Comprehensive Social Security Assistance, and have waited for PRH for more than three years but have not been offered the first PRH flat allocation. As at end-July 2022, the Government had disbursed a total of around \$1.9 billion in cash allowance to about 77 300 eligible PRH GA households.

Part IVA of the Landlord and Tenant (Consolidation) Ordinance (Cap. 7) which implements tenancy control on subdivided units (SDUs) came into force on 22 January 2022. It provides protection to SDU tenants in various aspects, which include providing four-year security of tenure for the tenants; restricting the rate of rent increase on tenancy renewal; and prohibiting landlords from overcharging tenants on specified utilities and services, etc.

[^] Waiting time basically refers to the time taken between registration for PRH and the first flat offer, excluding any frozen period during the application period (e.g. when the applicant has not yet fulfilled the residence requirement; the applicant has requested to put his/her application on hold pending arrival of family members for family reunion; the applicant is imprisoned, etc.). The average waiting time for general applicants (family and elderly one-person applicants) refers to the average of the waiting time of those general applicants who were housed to PRH in the past 12 months.

* SSFs refer to those units with premium not yet paid. Hence, they are still being subsidised by the Government and subject to alienation restrictions. Those units with premium paid/no need to pay premium and can be transacted in the open market are not included.

White Form applicants have to satisfy certain eligibility criteria including residence rule, and the income and asset limits set by the HKHA.

@ Following the announcement of the Development Bureau on 10 May 2018 and the approval by the Finance Committee of the Legislative Council on 18 July 2018, the Government will exercise flexibility in assessing the continuous residence/occupation duration of clearances in determining the eligibility for ex-gratia allowances and/or rehousing arrangements. Not only the length of continuous residence/occupation immediately preceding the date of Pre-clearance Survey (PCS) will be counted, but also that after the date of PCS but before 10 May 2018.