Long Term Housing Strategy
Annual Progress Report 2025
(for the 10-year period from 2026-27 to 2035-36)

PURPOSE

This paper aims to update the long term housing demand projection and present a corresponding 10-year housing supply target for the next 10-year period (i.e. from 2026-27 to 2035-36); and to set out the latest progress of the key aspects of the Long Term Housing Strategy (LTHS).

BACKGROUND

2. The Government formulated and announced the LTHS in December 2014, adopting the "supply-led[1]" and "flexible[2]" principles and establishing three major strategic directions –

(a) provide more public rental housing (PRH) units and ensure the rational use of existing resources;

(b) provide more subsidised sale flats (SSF), further expand the forms of subsidised home ownership and facilitate circulation of existing stock in the market; and

(c) stabilise the residential property market through steady land supply and appropriate demand-side management measures, and promote good sales and tenancy practices for private residential properties.

---

[1] The LTHS formulated and announced in December 2014 introduced the "supply-led" principle: It takes years to prepare land and build housing units on it. Learning from the past experience, instead of starting to find land and build when demand for housing becomes evident, we should anticipate demand and plan for land supply. We should also, based on objective projections of long term demand, systematically plan for public housing construction and make land available for private housing development.

[2] The 2014 LTHS also introduced the "flexible" principle: Learning lessons from the experience of the upheavals in the property market after the 1998 LTHS and the impact of the marked changes in policies subsequently, forward plans and construction programmes should be adjusted regularly, on the basis of regular reviews of the long term demand projections that reflect changes in circumstances.

3. Under the LTHS, the Government updates the long term housing demand projection annually and formulates a **rolling 10-year housing supply target** in accordance with the aforementioned principles and directions. The updated demand projection would capture social, economic and market changes over time, with timely adjustments made where necessary. This supply target is formulated by quantitative projections of different demand components, not by the supply of land available at the time.

4. This annual exercise serves as an important policy tool to enable the Government to continually plan ahead in developing land and housing, with a view to meeting the long term housing needs of the community. The relevant work is set out in the ensuing paragraphs.

HOUSING DEMAND PROJECTION FOR 2026-27 TO 2035-36

10-year Housing Demand Projection

5. Based on the latest projection, the gross total housing demand for the 10-year period from 2026-27 to 2035-36 is 410 500 units, with an upper and lower range of 424 100 and 396 900 units respectively. Details of the projection are set out in **paragraphs 1 to 14 of the Annex**.

HOUSING SUPPLY TARGET FOR 2026-27 TO 2035-36

10-year Housing Supply Target

6. The total housing supply target is projected based on long term housing demand, aiming to meet the long term housing needs of the community and to provide adequate housing to each and every household. Upon vacancy adjustment in the private sector, **the 10-year total housing supply target from 2026-27 to 2035-36 is 420 000 units**. Details of the projection are set out in **paragraphs 15 to 17 of the Annex**.

7. Under the current-term Government's unremitting efforts to "enhance speed, quantity, quality and efficiency", the situation of back-loaded public housing supply has been completely reversed. This shift has enabled faster fulfillment of the public's housing needs. In fact, our efforts to increase public housing supply have led to concrete outcomes. Since the current-term Government took office, more than 103 000 families have been housed to PRH or

purchased SSF offered for sale by the Hong Kong Housing Authority (HA) and the Hong Kong Housing Society (HS), representing a significant increase of about 50% as compared to approximately 68 500 families in the previous three-year period (i.e. from July 2019 to June 2022). With the current-term Government's efforts to increase land and housing supply, low-to middle-income families will have more opportunities to achieve home ownership. In addition, the Government will continue to strive to provide public housing of more than 30 000 units per year on average in the next five years (i.e. from 2026-27 to 2030-31), the highest in the past 24 years.

Public/Private Split of Total Housing Supply Target

8. **Since the LTHS annual update in 2018, we have revised the public/private split of new housing supply from 60:40 to 70:30. This ratio will be maintained over the next 10-year period from 2026-27 to 2035-36** to balance the Government's commitment to substantially increase public housing supply to meet the social demand and the demand for private housing. Accordingly, out of the total housing supply target of 420 000 units, the **public housing supply target will be 294 000 units and the private housing supply target will be 126 000 units**.

Split within the Public Housing Supply Target

9. In the LTHS Annual Progress Report 2024, we announced that the public housing supply would be planned with a **gradual move towards a 60:40 ratio** between PRH/Green Form Subsidised Home Ownership Scheme (GSH) and other SSF, so as to increase home ownership opportunities for citizens. In the next decade (i.e. from 2026-27 to 2035-36), we will continue to advance in this direction. Correspondingly, the public housing supply target of 294 000 units will comprise **176 000 PRH/GSH units and 118 000 other SSF units**.

HOUSING SUPPLY PROJECTION FOR 2026-27 TO 2035-36

Public Housing

10. In the coming 10-year period (i.e. from 2026-27 to 2035-36), the Government has identified sufficient land to meet the public housing supply target of 294 000 units as mentioned in paragraph 8 above. When planning for public housing development, the Government will maintain adequate flexibility so as to ensure that the future public housing production can be adjusted in a timely

manner in response to changes in the actual circumstances.

11. As at end-September 2025, the **estimated total public housing production of HA and HS in the five-year period from 2026-27 to 2030-31 is about 169 500 units, comprising about 110 600 PRH/GSH units and about 58 900 other SSF**. Compared to the five-year period at the start of this Government, the supply of Home Ownership Scheme (HOS) flats is projected to increase by approximately 50% over the original estimates.

12. The above projected total housing production **has continued to increase** compared with that for the previous four five-year periods (i.e. the five-year periods counting from 2022-23 onwards) –

	HA housing production (PRH/GSH + other SSF)	**HS ^ housing production (PRH + SSF)**	**Total housing production (PRH/GSH + other SSF)**
2022-23 to 2026-27	93 900 (64 500 + 29 400)	10 900 (4 000 + 6 900)	104 800 (68 500 + 36 300)
2023-24 to 2027-28	109 900 (79 400 + 30 500)	14 600 (4 900 + 9 700)	124 500 (84 300 + 40 200)
2024-25 to 2028-29	129 100 (89 400 + 39 800)	17 800 (7 100 + 10 700)	147 000 (96 500 + 50 500)
2025-26 to 2029-30	145 600 (103 900 + 41 600)	17 300 (6 200 + 11 100)	162 800 (110 100 + 52 800)
2026-27 to 2030-31	154 100 (105 600 + 48 400)	15 400 (5 000 + 10 400)	169 500 (110 600 + 58 900)

(Based on the forecast as at September 2025)

Note: Figures may not add up to the total due to rounding.

^ There is no GSH production under HS.

13. The public housing supply in the coming 10 years mainly comes from the Northern Metropolis (including Kwu Tung North and Fanling North New Development Areas, Hung Shui Kiu/Ha Tsuen New Development Area and Yuen Long South Development Area), Tung Chung New Town Extension, Kai Tak Development Area, redevelopment of PRH estates and rezoning of other sites, etc. The Government would make the best use of the valuable land resources through adoption of comprehensive planning and site-specific design, as well as optimisation of development potential, so as to ensure that the public housing production meets the projected demand under LTHS.

14. The timetable of projects within the first five-year period is relatively certain as about 90% of these projects are under construction. As for projects scheduled for completion within the second five-year period, since it takes time to create land for housing development, and the necessary procedures as well as development processes are challenging, most sites are still at land production/study stage and their availability for public housing construction hinges on the timely completion of the necessary processes (e.g. rezoning, local consultation, infrastructure construction, land resumption, clearance, reprovisioning of affected facilities, funding approval by the Legislative Council (LegCo), site formation works, etc). Their development programme is more fluid. All Government departments concerned are further enhancing the cost-effectiveness of public housing development, and adjusting the project implementation schedule, having regard to priority and urgency.

Private Housing

15. As for private housing, the supply target for private housing in the coming decade is 126 000 units. The Government will have sufficient land to meet the target in the next 10 years, and will roll out such land to the market in an orderly and pragmatic manner. Besides Government land sale, other sources of private housing land supply include railway property developments and Urban Renewal Authority (URA) projects, as well as private development projects. The Government will work towards the private housing supply target under LTHS, continue to monitor the market situation and holistically consider supply from various sources so as to make suitable land disposal arrangements for each quarter.

16. As regards private housing supply in the shorter term, based on the latest projection as at end-June 2025, **the supply in the primary private residential property market for the coming three to four years** is about **101 000 units**.

DIRECTIONS FOR REFINING LTHS

17. 2024 marked the important milestone of the 10th anniversary of the Government's promulgation of LTHS. To ensure that the LTHS could move with the times, the Housing Bureau (HB) conducted a comprehensive review of LTHS during its annual update last year and put forward the following three directions for refinement, viz. –

(a) To continue adopting the "supply-led" and "flexible" principles to increase housing supply;

(b) To safeguard the rational use of PRH resources and encourage PRH tenants to move up the housing ladder; and

(c) To enhance the housing ladder to promote home ownership among young people.

Continue to Adopt the "Supply-led" and "Flexible" Principles to Increase Housing Supply

18. As mentioned in paragraph 7 above, the current-term Government has been actively implementing multiple measures to "enhance speed, quantity, quality and efficiency" of public housing supply, in order to reduce the waiting time for PRH. Our target is to shorten the Composite Waiting Time for Subsidised Rental Housing (CWT) from 6 years in mid-2022 to about 4.5 years in 2026-27. In order to fill the short-term gap of public housing supply, the Chief Executive (CE) announced in the 2022 Policy Address the launch of 30 000 innovative Light Public Housing (LPH) units. The LPH projects have been progressing at full steam and in an orderly manner so far. The design and construction of all 13 LPH projects have commenced and are being progressively completed. As at end August 2025, over 4 100 general applicants and around 260 non-elderly one-person applicants have been allocated with LPH units. We will continue to actively take forward the remaining LPH projects, with around 5 060 units to be completed in the fourth quarter of 2025 for intake by phases. In other words, about 9 500 LPH units will have been completed and put into operation within just over three years following the policy announcement, which demonstrates the current-term Government's determination and execution ability in addressing the housing needs faced by the citizens. The remaining some 20 500 units are expected to be completed in the next two years, gradually moving towards the target of completing around 30 000 LPH units by 2027-28. This will provide more housing options for the citizens with pressing housing needs or

living in inadequate housing, enabling them to immediately improve their living environment and quality.

19. On the other hand, the Government continues to actively promote the development of transitional housing (TH), through allocating construction funding to non-government organisations to provide short-term accommodation to those in need, which also brings greater values to the short-term land and premises. We have taken forward the provision of 21 000 TH units, exceeding the original target of 20 000 units. As at end August 2025, about 18 400 TH units have been put into operation. According to the latest construction progress, we expect that about 2 700 units will be gradually completed within this year and the next.

20. The increase in public housing supply has enabled low-income families who cannot afford private rental accommodation to be housed to PRH more expeditiously. In fact, the CWT has reduced from 6.1 years as at end-March 2022 to 5.1 years as at end-June 2025, shortening by a full year and reaching its lowest level since the first quarter of 2018. During the same period, the CWT for elderly one-person applicants also decreased by a full year, from 4.1 years to 3.1 years. With the gradual completion of various PRH and LPH projects, the CWT will gradually decline, moving towards the target of reducing it to about 4.5 years in 2026-27.

21. Since the current-term Government took office (i.e. from July 2022 to June 2025), more than 65 000 applicants have been housed to PRH or LPH. As at end-June 2025, the average waiting time for general applicants who were housed to LPH was 2.3 years, which was significantly lower than the CWT of 5.1 years. This reflects that LPH could improve the living condition and quality of life of PRH applicants more quickly and help relieve their rental burden. Taking the LPH project at Choi Hing Road in Ngau Tau Kok as an example, about 70% of the residents had been living in inadequate housing before (e.g. subdivided units, rooftop houses and bedspaces, etc.). With our adoption of multi-pronged approach to expedite the turnover of PRH flats, the number of general applicants waiting for PRH has dropped significantly by over 40 000 from the highest level of 156 400 as at end-September 2020 to about 115 700 as at end-June 2025, a decrease of 26%. The relevant figure clearly demonstrates the Government's efforts to gradually digest the queue for PRH in recent years.

Safeguard the Rational Use of PRH Resources and Encourage PRH Tenants to Move Up the Housing Ladder

22. In addition to new PRH flats, PRH flats recovered from existing PRH tenants are also an important source of PRH supply. Since the current-term Government took office (i.e. from July 2022 to June 2025), the HA has recovered more than 56 000 PRH units through various channels (including tenants' moving out after purchasing SSF, voluntary surrender of flats by tenants owing to such reasons as death or admission to care homes, termination of tenancy due to point deductions, or tenants being required to move out due to PRH abuse, etc.)

23. To expedite the circulation of PRH flats, HA's Subsidised Housing Committee approved tightening the "Well-off Tenants Policies" in March 2025. Key measures include increasing the additional rent payable by well-off tenants and lowering the threshold for vacating to reduce subsidies for well-off tenants, while implementing multiple initiatives to encourage their upward mobility.

24. On the other hand, the HB submitted the Housing (Amendment) Bill 2025 to the LegCo in April 2025 to introduce new offences of serious tenancy abuse, empower authorised officers to require suspects to provide personal data, and extend the limitation of time for prosecution for offences of false statements, refusal to provide information, and unlawful alienations. The Housing (Amendment) Bill 2025 was passed by the LegCo in June 2025, and the aforementioned offences will officially take effect on 31 March 2026.

Enhance the Housing Ladder to Promote Home Ownership among Young People

25. Young people are the future and hope of our society. HB has all along been encouraging young people to seize their time to work hard and accumulate experience and wealth in order to move up the suitable housing ladder in accordance with their abilities. Over the past decade, we have observed a marked decline in young people's demand for PRH. The number of non-elderly one-person applicants under the Quota and Points System has dropped sharply by 40% from the highest level of about 143 700 as at end-December 2015 to about 86 100 as at end-June 2025. Meanwhile, the drop in the number of non-elderly one-person applicants below the age of 30 was even more significant, with a decrease of 57% from 74 500 to 31 400. This shows that on the one hand, we are shortening the queue for PRH, while on the other hand, many young people are recognising better housing options, allowing them to directly step onto the home ownership ladder that is better and more suitable for them.

26. We have all along been striving to enhance the housing ladder through the provision of various types of SSF in response to the home ownership aspiration of households of different income level and encourage citizens from all walks of life to move up the social ladder according to their abilities. For young people who cannot afford private housing, SSF serve precisely as the first step toward achieving their dream of home ownership. In fact, young people aged below 40 have always accounted for a larger proportion of buyers of different types of SSF. For example, nearly half of the successful applicants for first-hand HOS flats are young people under the age of 40. Meanwhile, around 80% of buyers under the White Form Secondary Market Scheme (WSM) are under the age of 40.

27. We have introduced the following policy measures to assist citizens (especially young people) in achieving their dream of home ownership through the aspects of supply as well as sales and financial arrangements –

Increase SSF Supply

28. In terms of supply, the CE announced in the 2024 Policy Address that the HA would gradually adjust the ratio between PRH (including GSH units) and other SSF from 70:30 to 60:40 in 10-year time so as to increase the supply of SSF. In the next five years (i.e. 2026-27 to 2030-31), in addition to about 110 600 PRH/GSH units, the HA and the HS will also complete around 58 900 other SSF to meet the public's home ownership needs.

Enhance SSF Sales Arrangements

29. Meanwhile, to increase young people's chances of purchasing a SSF successfully, HA would allocate an extra ballot number to young family applicants and one-person applicants aged below 40 with White Form (WF) status starting from the next HOS sale exercise. As for the secondary market, starting from WSM 2024, the HA has substantially increased the quota to 6 000 by 1 500, all of which were allocated to young family and one-person applicants under the age of 40. Of all the applications for WSM 2024, more than 80% were from young applicants who chose to participate in Youth Scheme (WSM), reflecting that the scheme was well received by young people. In view of this, the CE has just announced in the 2025 Policy Address that the quota for the WSM will be further increased by 1 000. Details are set out in paragraph 40.

Enhance Mortgage Loan Arrangements

30. In addition, the HA relaxed mortgage arrangements for SSF in 2024, including extending the maximum mortgage default guarantee from 30 years to 50 years and extending the maximum mortgage repayment period from 25 years to 30 years to enable purchasers of first-hand and second-hand SSF to obtain mortgage loans from banks and authorised financial institutions participating in the provision of mortgage loans for such flats. After the implementation of relevant arrangements, the number of HOS/GSH flats with a residual guarantee period of more than 10 years increased substantially from about 14% to about 98%. As at June 2025, the average number of transactions of second-hand SSF was about 360 per month, which was about 60% higher than the average number of transactions of about 230 per month in the 12 months before the implementation. Besides, after extending the maximum mortgage repayment period for flats sold under the secondary market from 25 years to 30 years, among buyers who applied for mortgages to purchase SSF in the secondary market, more than half of the cases have a repayment period of 25 years or more. This shows that the above measures have successfully revitalised the secondary market and facilitated the turnover of SSF in the secondary market.

Launch the Starter Homes for Hong Kong Residents Projects

31. The Government also responds to the home ownership aspirations of those who are not eligible for the HOS and yet cannot afford private housing through the Starter Homes for Hong Kong Residents (SH) projects. Apart from the first two SH projects offered for sale by the URA (i.e. eResidence Towers 1 and 2, as well as eResidence Tower 3) with a total of over 600 SH units sold, the Government is also taking forward some other SH projects. Amongst applicants and final purchasers of SH units offered for sale in the past, around 85% were youth aged 40 or below. We believe that this initiative may help another batch of middle-class youths who have higher income yet still cannot afford private housing achieve home ownership with more available options.

Other Measures

32. Having regard to changes in the overall situation of the property market, the current-term Government has since February 2024 abolished all demand-side management measures for residential properties. The Hong Kong Monetary Authority has also since October 2024 adjusted the countercyclical macroprudential measures for property mortgage loans. The maximum loan-to-value (LTV) ratio and debt servicing ratio (DSR) limit were reverted to the pre-

2009 levels before the countercyclical macroprudential measures were first introduced, with the maximum LTV ratio for all residential properties adjusted to 70%, regardless of the value of the property, and the DSR limit adjusted to 50%, providing facilitation to persons with different needs for property purchase. Individuals may also obtain high LTV ratio mortgage loans through the Mortgage Insurance Programme according to their own needs. In particular, for first-time homebuyers with regular income purchasing properties priced at $10 million or below, the LTV ratio can be up to 90%, which greatly reduces their down payment burden.

33. Furthermore, to ease the burden on buyers of properties at lower values, the Government has since 26 February 2025 adjusted the value bands of ad valorem stamp duty payable for sale and purchase or transfer of residential and non-residential properties, raising the maximum value of properties chargeable to $100 stamp duty from $3 million and $4 million. For SSF, since the vast majority are priced below $4 million, more buyers can benefit from the aforementioned stamp duty adjustment, with savings up to over $59 000. According to the information from the Inland Revenue Department, there were about 6 400 stamped sale and purchase agreements for residential properties valued above $3 million and not exceeding $4 million from March to July 2025, which represents a significant increase of over 90% as compared to the same period last year (March to July 2024) where about 3 400 sale and purchase agreements were stamped.

Looking Ahead

34. As the projection model for the rolling 10-year total housing supply target involves many variables, we will continue to keep in view the evolving environment and consider how best to reflect new developments in the projection methodology as well as the supply targets each year. At the same time, we will also continue to review the split of housing supply targets as set out in paragraphs 8 and 9 above in the annual update of LTHS.

MAJOR HOUSING INITIATIVES IN THE 2025 POLICY ADDRESS

35. The current-term Government places great emphasis on meeting the housing needs of the public. Under the leadership of the CE, we have adopted a multi-pronged approach to strengthen housing protection for the grassroots, including accelerating the construction of public housing, launching the innovative LPH and cracking down on PRH tenancy abuse, etc. With the continuous increase in public housing supply, the Government is well positioned to support residents across all walks of life to live and work happily. The CE has further announced a series of housing measures in the 2025 Policy Address, outlining the following key directions for Hong Kong's future housing policy:

(a) Encourage citizens to move up the housing ladder;

(b) Optimise the use of existing public housing resources;

(c) Further enhance construction cost-effectiveness and ensure the smooth implementation of public housing programmes; and

(d) Implement the regulatory regime on Basic Housing Units (BHUs).

Encourage Citizens to Move Up the Housing Ladder

36. A comprehensive and well-structured housing ladder offers a safety net on housing for grassroots and low-income families, and allows those who are relatively well-off to move up the housing ladder. The Government has all along been striving to enhance and enrich the housing ladder through the provision of various types of SSF with a view to meeting the home ownership aspirations of families of different income level. With the increase in public housing supply, the CE announced the following measures in the 2025 Policy Address, forming a "combined punches approach" to assist citizens at different stages in achieving home ownership –

<u>Assist PRH tenants in purchasing SSF</u>

37. To encourage upward mobility of PRH tenants, the HA has earlier approved increasing the quota allocation ratio of Green Form (GF) and WF to 50:50 starting from the next HOS sales exercise to assist more PRH tenants to become owners, while at the same time reallocate the original PRH units to applicants on the waiting list, benefitting both parties at the same time. With a substantial increase by about 50% in the overall HOS supply, both GF and WF

applicants will have a significantly higher opportunity to purchase HOS flats.

Increase the ratio of larger units in HOS and GSH projects

38. In response to public demand, when planning the public housing projects completed from the second five-year period (i.e. 2031-32 to 2035-36) onwards, the HA has increased the internal floor area of flats by approximately 10% where feasible. At the same time, given the strong demand from many families for larger units, starting from the second five-year period, the HA will increase the ratio of larger units in HOS and GSH projects. Furthermore, to provide more spacious living area for residents, the HA is implementing the "minimum size for newly-build flats" arrangement announced in the 2022 Policy Address, whereby the saleable area of all SSF completed from 2026-27 onwards will be no less than 26 square meters.

Shorten the alienation restriction period for newly sold SSF by the HA

39. To facilitate owner's upward mobility on the home ownership ladder through premium payment and expedite circulation of flats, starting from the next HOS/GSH sales exercises, the alienation restriction period for sale in open market of newly sold SSF by HA will be shortened from 15 years to 10 years since the first assignment.

Enhance the arrangements of WSM

40. To increase the opportunities for WF applicants to purchase SSF with unpaid premium in the secondary market, HA will further increase the quota of WSM by 1 000 to 7 000, starting from the next WSM exercise. Half of the 1 000 additional quota will be allocated to young family and one-person applicants below 40. Meanwhile, to prevent forfeiture of the WSM quota due to changes in personal preferences, the number of approval letters issued by the HA will be suitably higher than the quota set under the WSM exercise, ensuring that the quota for flat purchases can be fully utilised.

Optimise the Use of Existing Public Housing Resources

41. While encouraging citizens to move up the housing ladder, it is equally important to promote the rational and effective use of public housing resources. To this end, the CE also announced the following measures in the 2025 Policy Address –

Launch the "Flat-for-Flat Scheme for Elderly Owners" of HA's SSF

42. To facilitate the circulation of SSF and assist elderly to get additional cash to cover their living expenses, we will allow those who have reached the age of 60 and owned their flat for 10 years or more to purchase a smaller flat or a flat in a more remote area after selling their original one in the secondary market with premium unpaid. The relevant scheme can also release urban or larger flats for families in need to apply for.

Relax the letting restrictions for SSF with premium unpaid

43. The HA and HS will introduce a pilot scheme with 3 000 quota, allowing those who have owned an SSF for 10 years or more to let their flats with unpaid premium to eligible WF applicants after paying relevant fees. In doing so, owners can on one hand have more flexibility and WF applicants can have a wider selection of rental properties.

Further Enhance Construction Cost-effectiveness and Ensure the Smooth Implementation of Public Housing Programmes

44. The current-term Government has continuously streamlined statutory procedures and administrative workflows with a view to reducing construction costs. We will implement measures to continue streamlining the workflows and facilitating the smooth implementation of public housing programme. The measures include –

Strengthen Inter-departmental Collaboration

45. The Housing Department (HD) will set up a Project Facilitation Office (PFO) to co-ordinate various departments in expediting the completion of public housing projects through enhanced cost effectiveness and communication. PFO will comprehensively review the workflow from planning, design to construction stage, and study, co-ordinate and promote optimisation measures to streamline approval processes and contain construction costs. Meanwhile, the HB has implemented a target-oriented time management approach, under which the target time for project completion is set to prompt the accelerated completion of various project stages. In order to shorten the construction time, the HA will carry out the pre-construction preparatory tasks in parallel with the Government's "land production" processes such that the construction works can be commenced once the sites are handed over to the HA. The HA will also closely monitor the project progress of the contractors through strict contract management, early warning and

reporting mechanisms.

Leverage Technologies

46. The HD has adopted the self-developed Building Information Modelling (BIM)-enabled Systematic Approach to Foundation Design, which automatically generates designs to further reduce costs.

Streamline Approval Processes

47. The HB has established a database of standard building materials, covering commonly used materials such as aluminium windows and partition walls. The approval process of material submission is able to be shortened to within one month if contractors adopt materials from the database. Regarding the approval of building materials for public housing, the HB will look into the accreditation of standards of more regions, to facilitate local application of high quality and cost-effective building materials from Chinese Mainland and overseas. For Occupation Permit (OP) application for public housing projects, at least half of the projects will adopt pre-OP inspection such that the OP processing time can be shortened to within 10 working days.

Redevelop Public Rental Housing Estates

48. The HA will announce redevelopment plans for Ma Tau Wai Estate and Sai Wan Estate this year. Furthermore, on top of the 11 on-going and planned redevelopment projects, the CE has invited HA in the 2025 Policy Address to conduct a study on the redevelopment of Model Housing Estate which is the oldest PRH, and to announce its preliminary findings in 2026-27. The redevelopment study will make reference to the four basic principles, namely structural conditions of buildings, cost-effectiveness of repair works, availability of suitable rehousing resources in the vicinity of the estates to be redeveloped, and build-back potential upon redevelopment.

Implementing the BHU regulatory regime

49. The CE announced in the 2024 Policy Address to put in place, through legislation, the BHU regulatory regime, under which only up-to-standard subdivided units (SDUs) in residential buildings recognised as BHUs will be allowed to be let out legally in the future, so as to ensure safe, hygienic and reasonable living conditions in SDUs. To this end, HB conducted a two-month stakeholder consultation in December 2024, and consulted the LegCo Panel on

Housing in December 2024 and March 2025 respectively. The Panel and stakeholders generally support the proposed BHU regulatory regime. After obtaining the Executive Council's approval, HB submitted the Basic Housing Units Bill (BHUs Bill) to LegCo in early July 2025, which seeks to provide legal basis for the BHU regulatory regime. Following the completion of scrutiny by the relevant Bills Committee in early August 2025, the BHUs Bill was passed by LegCo at the third reading on 26 September 2025. The Basic Housing Units Ordinance (BHUs Ordinance) will be gazetted on 3 October 2025 and come into effect on 1 March 2026. Upon commencement of the BHUs Ordinance, HB will start registering pre-existing SDUs in residential buildings and grant grace period for carrying out alteration works for meeting minimum standards of living conditions, and concurrently accept applications for BHU recognition, with a view to eradicating SDUs in a gradual and orderly manner.

Housing Bureau
September 2025

Annex

Housing Supply Target Projection for the 10-year period from 2026-27 to 2035-36

Gross Housing Demand Projection (410 500 units)

According to the projection methodology adopted by the Long Term Housing Strategy (LTHS) promulgated in December 2014, housing demand is defined as the total number of new housing units required to provide adequate housing to each and every household over the long term. The methodology takes into account the following components in projecting the number of new housing units required –

(a) net increase in the number of households;

(b) households displaced by redevelopment;

(c) inadequately housed households (IHHs); and

(d) miscellaneous factors[3].

A. Net increase in the number of households (194 000 units)

2. The trend-based domestic household projections by the Census and Statistics Department (C&SD) form the basis of assessing the overall housing demand from the net increase in the number of households. Based on the latest set of domestic household projections published by C&SD in August 2023[4], due to the gradual increase in the overall population, the net increase in the number of households from mid-2026 to mid-2036 is estimated to be about **194 000**. This is adopted as the demand for the 10-year period from 2026-27 to 2035-36.

3. In line with previous projection exercises, an econometric modelling exercise has been conducted to quantitatively analyse the relationship between household formation and (a) economic performance (as proxied by real Gross

[3] The miscellaneous factors taken into account include (a) private permanent living quarters occupied by households with mobile residents only; (b) non-local students who may take up accommodations in Hong Kong; and (c) non-local buyers who take up flats without selling or leasing them.

[4] The domestic household projections published in August 2023 are compiled by C&SD based on the new set of population projections covering the period from 2022 to 2046 and the results of the 2021 Population Census. The projected figures have taken into account the latest information available at the time of compilation to reflect the impact of various talent attraction and labour importation schemes during the projection period.

Domestic Product (GDP) growth rate); and (b) housing market situations (as proxied by vacancy rate of private flats) in order to simulate possible changes to household formation under different economic and property market situations. Results show that the net increase in households ranges from 180 400 to 207 600, representing a +/– **7%**[5] from C&SD's domestic household projection of 194 000.

B. Households displaced by redevelopment (52 500 units)

4. Households displaced by redevelopment of old buildings in the public and private sectors have to be rehoused, thus generating new housing demand on top of the net increase in the number of households. Taking into account redevelopment need of public housing units under the Hong Kong Housing Authority (HA) and the Hong Kong Housing Society (HS), as well as past trends in the private sector, we make a provision of about **52 500** units for households displaced by redevelopment for the 10-year period from 2026-27 to 2035-36, with breakdown as follows –

Redevelopment programmes	Number of units
(a) Redevelopment of public housing units (based on the estimated number of public housing units to be redeveloped by HA and HS in the next 10 years from 2026-27 to 2035-36) (see paragraphs 5 to 7 below)	30 300
(b) Redevelopment of private units (based on past trend of private flats demolished from 2015 to 2024[6])	22 200
Total = (a) + (b)	**52 500**

5. According to the established methodology, we have projected the housing demand for the coming 10 years (covering the period from 2026-27 to 2035-36) arising from households displaced by public housing redevelopment by

[5] In general, the number of households formed would be higher when local macroeconomic performance is better or the private housing market is less tight. The base case is constructed with reference to the long-term trend growth rate of real GDP and the long-term private domestic vacancy rate in the past. These variables are then set 1% point higher and lower in the high case and low case respectively than in the base case.

[6] From 2015 to 2024, the average number of private flats demolished was 1 431 per year. As regards the number of households displaced by private redevelopment, there may be more than one household in a unit in older private buildings, and this should be taken into account in the projection. According to URA's data from its urban redevelopment projects commencing between 2015-16 and 2024-25, there were on average about 1.55 households living in each private unit demolished/to be demolished. Based on this, it is estimated that the number of households displaced by redevelopment in the projection period will be 22 200 (i.e. 1 431 x 1.55 x 10).

taking the higher of –

(a) the number of public housing units to be redeveloped in the **next 10 years**, based on –

(i) ***known*** public housing redevelopment programmes of HA and HS; and

(ii) ***potential/possible*** redevelopment need of PRH estates; and

(b) the number of public housing units demolished in the **past 10 years**.

6. The estimated number of public housing units under known redevelopment programmes of HA and HS in the next 10 years is **23 000**[7] (paragraph 5(a)(i)). Drawing reference from the Rating and Valuation Department (RVD)'s demolition data of relevant private residential units, it is estimated that the additional housing demand due to potential/possible redevelopment of public rental estates would be **7 300** units by the end of the 10-year projection period (paragraph 5(a)(ii)). Accordingly, the estimated total number of public housing units to be redeveloped in the next 10 years is **30 300** (i.e. 23 000 units under paragraph 5(a)(i) + 7 300 units under paragraph 5(a)(ii)).

7. The number of public housing units demolished in the past 10 years (from 2015-16 to 2024-25) was 7 000 units (paragraph 5(b)). In accordance with the methodology set out in paragraph 5, the higher figure from paragraphs 5(a) and 5(b), i.e. **30 300** units, has been adopted as the estimated housing demand arising from public housing redevelopment from 2026-27 to 2035-36.

C. Inadequately housed households (IHHs) (127 500 units)

8. Households living in public housing which have been built to satisfy the housing needs of the community are regarded as living in adequate housing. As regards households living in private housing, the following circumstances are taken into account in determining whether households are inadequately housed for the purpose of the projection –

[7] Based on the known redevelopment programmes under HA and HS, the housing demand for 23 000 units in the 10-year period from 2026-27 to 2035-36 arises from the following redevelopments: (a) about 2 100 units in HA's Ma Tau Wai Estate; (b) about 10 700 units in HA's Wah Fu Estate; (c) about 750 units in HA's Sai Wan Estate; (d) about 2 000 units in HA's Choi Hung Estate; (e) about 1 200 units in HS' Ming Wah Dai Ha, (f) about 740 units in HS' Yue Kwong Chuen; (g) about 2 000 units in HS' Kwun Tong Garden Estate; (h) about 920 units in HS' Chun Seen Mei Chuen; and about 2 600 units in other projects.

(a) whether the housing unit is made up of temporary structures (e.g. huts, squatters and roof-top structures);

(b) whether the unit is located in a non-residential building (e.g. commercial and industrial building);

(c) whether the unit is shared with other households (e.g. those living in rooms, cubicles, bedspaces and cocklofts in private permanent buildings); and

(d) whether the unit is a subdivided unit (SDU) in residential buildings.

9. It has been our established practice to estimate the housing demand of IHHs based on relevant statistics/projection of C&SD (i.e. with reference to data in its Population Censuses/By-Censuses, Thematic Household Surveys on SDUs and related trend data). Our latest references to estimate the housing demand of IHHs are the results of the 2021 Population Census (21C) and the 2016 Population By-census conducted by C&SD.

10. To eradicate substandard SDUs in an orderly manner, the Government submitted the Basic Housing Units Bill (BHUs Bill) to LegCo in early July 2025, which seeks to provide legal basis for the BHU regulatory regime. The BHUs Bill was passed by LegCo at the third reading on 26 September 2025. The Basic Housing Units Ordinance (BHUs Ordinance) will be gazetted on 3 October 2025 and come into effect on 1 March 2026. Upon commencement of the BHUs Ordinance, HB will start registering pre-existing SDUs in residential buildings and grant grace period for carrying out alteration works for meeting minimum standards of living conditions, and concurrently accept applications for BHU recognition. By then, applications for BHU recognition could be made in respect of SDUs meeting the minimum standards, meaning those SDUs could be regarded as residence providing safe, hygienic and reasonable living conditions. With SDUs gradually being renovated and obtaining BHU recognitions, IHHs originating from SDUs in residential buildings are expected to reduce gradually. As the BHU regulatory regime has yet to be implemented, it is difficult to estimate the number of SDUs certified as BHUs as well as the impact on the number of IHHs in SDUs at this stage. In this connection, we will adopt a prudent approach and maintain the estimation on the housing demand of IHHs (i.e. maintain at **127 500** units; see paragraph 11 below for details). We will review the impact on the number of IHHs in SDUs with regard to the future implementation of the BHU regulatory regime in due course.

11. Accordingly, the breakdown of housing demand arising from IHHs for the 10-year period from 2026-27 to 2035-36 is as follows –

	Category of IHHs	**Projected figures adopted in LTHS Annual Progress Report 2025**
(a)	Households living in units made up of temporary structures	**23 700**
(b)	Households living in non-residential buildings	**7 000**
(c)	Households sharing the same unit with other households	**3 200**[8]
(d)	Households living in SDUs	**93 600**[9]
	Total	**127 500**

D. Miscellaneous factors (36 500 units)

12. Apart from the above three demand components, there may also be demands in the next 10 years which are not covered in C&SD's domestic household projections. These include –

(a) <u>private permanent living quarters occupied by households with mobile residents[10] only</u> –

The estimated increase of such households is **500** each year based on past trends as observed from Population Censuses/By-censuses and the new set of population projections compiled by C&SD;

---

[8] Given the varied standards and living conditions of shared units, not all households living in such units are necessarily inadequately housed. In other words, there may not be a need to provide adequate housing to all the households living in a shared unit. Nevertheless, taking a conservative approach, we have continued to include all the households living in a shared unit in this year's housing demand projection.

[9] According to the results of 21C, the number of households living in SDUs is estimated to be 107 400. To avoid double counting, we need to deduct the number of households living in private residential buildings to be redeveloped in the next 10 years.

[10] Mobile residents refer to Hong Kong permanent residents who have stayed in Hong Kong for at least one month but less than three months during the six months before or after the reference time-point, regardless of whether they are in Hong Kong or not at the reference time-point.

(b) non-local students who might take up accommodations in Hong Kong –

The estimated housing demand is **1 590** units each year, having regard to the average increase of about 5 300 student visas each year from 2015-16 to 2024-25; and that about 60% of these students (including undergraduates and postgraduate students) are not living in residential halls/hostels provided by post-secondary institutions according to information from the Education Bureau and the University Grants Committee; and on the assumption that on average two non-local students will be sharing one housing unit; and

(c) buyers from outside Hong Kong who may purchase flats without channeling them back to the market[11] (i.e. not selling or leasing out their units) –

Drawing reference from statistics of the Inland Revenue Department (IRD) and RVD, it is estimated that the housing demand from such buyers is about **1 560** units per year[12].

13. Assuming that the above past trends will continue in the next 10 years, the estimated additional housing demand arising from miscellaneous factors is 3 650 units per year (i.e. 500 + 1 590 + 1 560), or **36 500** units over the 10-year period from 2026-27 to 2035-36.

Gross total housing demand (410 500 units)

14. Taking the above four demand components together, the estimated gross total housing demand is **410 500** units, with an upper and lower range of 424 100 and 396 900 units respectively for the 10-year projection period from 2026-27 to 2035-36.

---

[11] Although these units are bought by non-local buyers without being channeled back to the market, this does not imply that they are vacant units. These units may be occupied by owners as residence, second home, vacation home or for other purposes.

[12] Using the average annual stamped transactions from 2015 to 2024 (about 62 493 cases as provided by IRD) as a rough indication, the purchases by non-local buyers would be around 3 125 cases per year (on a crude assumption that about 5% of purchases were by non-local buyers) in the coming 10 years. Applying the ratios of purchases by non-local buyers which would eventually be owner-occupied or left vacant, the projected demand from non-local buyers who may purchase flats without channeling them back to the market is around 1 560 units per year (assuming 50% of non-local buyers' purchases would fall under this category) in the coming 10 years.

Vacancy adjustment in private housing sector (8 600 units)

15. As there are always a certain number of flats left vacant in the private housing sector at any point in time, we need to take into account the vacancy situation when setting the total housing supply target. In accordance with the established methodology under LTHS, the total housing supply target is derived by **adding a vacancy adjustment** (which is the change in the estimated number of vacant private housing units over the 10-year projection period) to the gross total housing demand to take into account the vacancy situation in the private housing sector.

16. With reference to RVD's data on the average number of vacant units and the average vacancy rate in the private housing sector in the past 10 years (i.e. about 49 200 units and 4.1% respectively from 2015 to 2024), the vacancy adjustment for the 10-year projection period from 2026-27 to 2035-36 is **8 600** units[13].

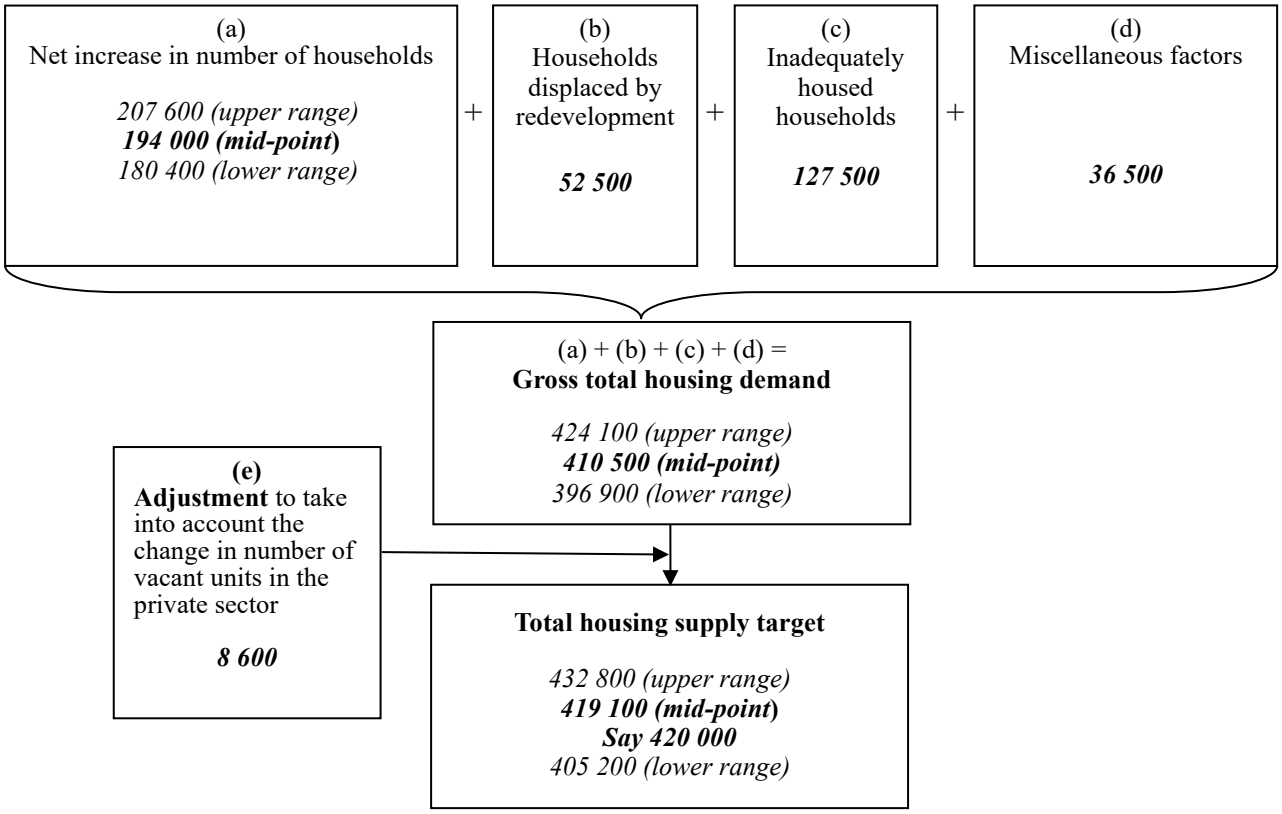
[13] Vacancy adjustment is estimated by –

= Estimated total number of private housing units at the end of projection period X Average vacancy rate in the past 10 years (as the estimated vacancy in the projection period) – Average number of vacant units in the past 10 years (as the stock of vacant units at the beginning of the projection period)

= 1 409 000 units x 4.1% – 49 200 units

= 57 800 units – 49 200 units

= 8 600 units

Total housing supply target (420 000 units)

17. Upon taking into account the above vacancy adjustment in the private housing sector, the projected total housing supply target for the 10-year projection period from 2026-27 to 2035-36 is **419 100 units (say 420 000 units**), with an upper and lower range of 432 800 and 405 200 units respectively. Details are summarised below –