



Housing

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

The Government promulgated the Long Term Housing Strategy on 16 December 2014.

The LTHS has three major directions: (1) to build more public rental housing (PRH) units and to ensure the rational use of existing resources; (2) to provide more subsidised sale flats, 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.

Based on the latest projection of housing demand, the Government has adopted a housing supply target of 480 000 units for the ten-year period from 2015-16 to 2024-25, with a public-private split of 60:40. Accordingly, the public housing supply target is 290 000 units, comprising 200 000 PRH units and 90 000 subsidised sale flats, whereas the private housing supply target is 190 000 units.

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 March 2015, private residential stock amounted to about 1.5 million units. The Government publishes on a regular basis statistics on private housing supply in the primary market to enhance market transparency.

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 came into full effect in 2013. It aims to enhance the transparency and fairness of the sales of first-hand residential properties, strengthen consumer protection, and provide a level playing field for vendors of first-hand residential properties. The Sales of First-hand Residential Properties Authority has been established to ensure the efficient implementation of the ordinance.

Public Housing Providers: The Hong Kong Housing Authority (HKHA) is a statutory body established in 1973 responsible for implementing the majority of Hong Kong's public housing programmes. The Hong Kong Housing Society (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: The provision of assistance to those with genuine housing needs has always been the heart of the Government's housing policy. As at 31 March 2015, about 2.12 million people (about 29 per cent of the population) lived in PRH flats. The PRH stock was about 782 700 units.

The Government would continue to assist low-income families who cannot afford private rental accommodation through PRH. The 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 31 March 2015, there were about 137 900 general applications. The average waiting time[^] for general applicants was about 3.3 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 flats. Towards this end, HA implements the Quota and Points System (QPS) for non-elderly one-person applicants. As at 31 March 2015, there were about 140 600 QPS applications. Unlike general applicants, under QPS:

- the allocation of flats is subject to an annual quota;
- the priority of applicants is determined by a points system; and
- the target of providing the first flat offer at around three years on average is not applicable to QPS applicants.

We have 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 and their family members must undergo comprehensive means tests covering both income and assets, and must not own or co-own or have an interest in any domestic property in Hong Kong (for example: trustee, executor, administrator or beneficiary having an interest in any domestic property in Hong Kong shall not be eligible to submit the application); or have entered into any agreement (including provisional agreement) to purchase any domestic property in Hong Kong, or hold more than 50% of shares in a company which owns, directly or through its subsidiaries, any domestic property in Hong Kong. Domestic property includes any domestic property, uncompleted private domestic property, rooftop structure approved by the Building Authority, domestic building lots and Small House Grants

approved by the Lands Department in Hong Kong. At the time of 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;

- Public rental tenancies cannot be passed on automatically from one generation to the next. When a tenant passes away, a new authorised person (other than the surviving spouse) is subject to a comprehensive means test; and
- Long-term tenants (i.e. those who have stayed in public rental housing for 10 or more years) with income and assets exceeding prescribed limits are required to pay additional rent or vacate their flats.

It is a long-established policy of the HKHA to set PRH rent at an affordable level. As stipulated in the Housing Ordinance, the HA 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. As at 31 March 2015, PRH rent ranged from about \$320 to \$4,260, and the average rent was about \$1,700 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:

As at 31 March 2015, there were about 395 600 subsidised sale flats[^], mainly HOS flats. Subsidised sale flats are subject to alienation restrictions. Owners of subsidised sale flats have to pay premium to lift the alienation restrictions before selling their flats in the open market, or from the third year onwards after the date of the first assignment, they can sell their flats to Green Form applicants (mainly PRH tenants, also include PRH applicants who have passed the detailed eligibility vetting and are due for flat allocation in about a year's time) through the HOS Secondary Market Scheme without paying premium.

In response to the home ownership aspirations of lower to middle-income families, the Government has resumed the HOS. The first batch of 2 160 new HOS flats is expected to be completed in 2016/17, and pre-sale of the flats was launched in end 2014. The Government also announced in the 2015 Policy Address that the HKHA would put up about 2 700 and 2 000 HOS flats for pre-sale in 2015/16 and 2016/17 respectively.

Apart from the development of new HOS flats, the HKHA offers the HOS Secondary Market Scheme, under which Green Form applicants can purchase subsidised sale flats with premium not yet paid. In response to the home ownership aspirations of low to middle-income families, the HKHA launched an interim scheme in 2013 to allow 5 000 buyers with White Form (WF) status to purchase subsidised sale flats with premium not yet paid. Of the 5 000 successful applicants, 3 983 applied for the Certificate of Eligibility to Purchase. A total of 2 411 Letters of Nomination were issued to WF buyers upon the conclusion of the first round of the interim scheme in April 2015. Taking into account the strong demand for subsidised sale flats nowadays, the HKHA decided to implement one more round of the interim scheme in the second half of 2015, with a quota of 2 500.

In line with the framework of the LTHS to expand the forms of subsidised home ownership and further improve the housing ladder, the Chief Executive in his 2015 Policy Address proposed to the HKHA that suitable flats among its PRH developments under construction be identified for sale to GF applicants in the form of a pilot scheme, with prices set at a level lower than those of HOS flats (i.e. "Green Form Subsidised Home Ownership Pilot Scheme"). The HKHA selected San Po Kong PRH development project as the site for the pilot scheme. Pre-sale is expected to be launched in the second half of 2016.

The HKHS also provides subsidised sale flats to eligible households. The Tsing Luk Street project, Greenview Villa, was completed in 2015. In view of the home ownership aspirations of the public, the Government has invited the HKHS to implement three other subsidised sale project in Sha Tin, Tseung Kwan O and Tuen Mun.

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 31 March 2015, about 558 900 people aged 60 or above live in PRH flats of the HKHA and the HKHS, representing about 37 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 the end of March 2015, the average waiting time for elderly one person applicants was about 1.8 years. 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 will also plan to provide purpose-built elderly housing under market-driven approach under its Joyous Living Scheme.

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 prior to the date of announcement of squatter area clearance and met the prescribed eligibility criteria for public rental housing will be allotted a notional PRH application number with a two-year waiting time. If their application is expected to be due for allocation within 12 months, advance action will be taken to handle the application.

[^] Waiting time 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 refers to the average of the waiting time of those general applicants who were housed to PRH in the past 12 months.

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

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