

Chapter 8

Housing

The government's policy objectives are to provide public rental housing for low-income families to meet their basic housing needs; provide subsidised sale flats to enhance the housing ladder; and maintain the healthy and steady development of the residential property market.

The Secretary for Housing oversees housing matters. She is also the Chairman of the Hong Kong Housing Authority and is supported by the Director of Housing.

The Housing Authority is a statutory body which develops and implements public housing programmes. Its vision is to provide affordable public rental housing (PRH) to low-income families with housing needs, and to provide subsidised sale flats (SSFs) to help low- to middle-income families achieve home ownership.

The Housing Department is the Housing Authority's executive arm, providing secretariat and executive support to the authority and its committees. The Housing Bureau monitors the private residential property market, facilitates homebuyers' access to full and accurate information and oversees policy for the regulation of estate agents.

As at the fourth quarter of 2023, there were about 2,995,200 flats in Hong Kong, comprising about 856,700 public rental units¹, 447,800 SSFs² and 1,690,700 private-sector flats. About 29 per cent and 15 per cent of the population lived in public rental units and SSFs respectively.

The 2023-24 estimate for public housing expenditure was about \$51.4 billion, or 6.3 per cent of the total public expenditure.

Housing Policy

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

The authority has a rolling five-year Housing Construction Programme to monitor the progress of each project. As at December, about 12,800 PRH/Green Form Subsidised Home Ownership Scheme (GSH) units and 200 other SSFs were expected to be built in 2023-24 and about 87,500 PRH/GSH units and 39,500 other SSFs were expected to be built over the five years from 2024-25.

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

Long Term Housing Strategy

The government's Long Term Housing Strategy is supply-led and flexible to address the imbalance between housing supply and demand.

The strategy has three aims: to provide more PRH and ensure the rational use of existing resources; to provide more SSFs, expand the forms of subsidised home ownership and facilitate market circulation of existing stock; and to stabilise the residential property market through

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

² Excluding flats provided by the Urban Renewal Authority.

steady land supply and demand-side management measures, and promote good sales and tenancy practices for private residential properties.

Under the strategy, the government updates the long-term housing demand projection annually and presents a rolling 10-year housing supply target to reflect social, economic and market changes over time. In October, the government announced the total supply target of 440,000 units for the 10 years from 2024-25 to 2033-34, with the public-private split of new housing supply maintained at 70:30. The public housing supply target is 308,000 units, comprising 216,000 PRH/GSH flats and 92,000 other SSFs, while the private housing supply target is 132,000 units. The government has identified sufficient land for developing adequate public housing units that can meet the public housing demand in the coming 10-year period. Some 23,400 flats were completed in 2023, comprising about 13,900 private residential flats (excluding village houses) and about 9,500 public housing flats.

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

Cash Allowance Trial Scheme

The Cash Allowance Trial Scheme supports eligible general applicant households and relieves the pressure on families who have waited for PRH allocation for a prolonged period of time. As at year end, around \$4 billion in cash allowances had been disbursed to around 96,000 households.

Light Public Housing

To fill the short-term public housing gap as soon as possible, the government will build light public housing (LPH) on government and private land, of which the long-term development plan will not be implemented in the near future. The target is to complete the construction of about 30,000 units before 2027-28.

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

Transitional Housing

Transitional housing aims to help people living in inadequate housing by making better use of temporarily vacant land and premises. The government has identified land for providing over 21,000 transitional housing units, exceeding the original target of 20,000 units. About 9,400 units had come into operation as at end-2023, another 10,600 are expected to be completed and put into service in 2024, while the remaining 1,000 will be completed in the first quarter of 2025.

Tackling the Issue of Subdivided Units

The Chief Executive announced the establishment of the Task Force on Tackling the Issue of Subdivided Units (SDUs) in October, which will conduct a study into the issue of SDUs and

make recommendations on the minimum standards of the units' living conditions; measures to eradicate substandard SDUs and prevent the resurgence of substandard units; and solutions to address the problem in an orderly manner. Apart from the task force, Part IVA of the Landlord and Tenant (Consolidation) Ordinance implements tenancy control on subdivided units, providing tenants with much-needed security of tenure and protecting them from being overcharged for public utilities and unwarranted rent increases on tenancy renewal, without unduly compromising the private property rights of landlords.

Public Rental Housing

At the fourth quarter of 2023, about 2.18 million people, or 29 per cent of the population, were living in 856,700 public rental units of the Housing Authority and Hong Kong Housing Society³.

Application and Allocation

At the fourth quarter of 2023, there were about 129,400 general applicants and 92,300 non-elderly one-person applicants under the Quota and Points System (QPS). The average waiting time⁴ for general applicants who were housed to PRH in the past 12 months was 5.8 years.

General applicants are allocated PRH units according to the order of their registrations, family size and choice of districts. For non-elderly one-person applicants under the QPS, their priority is determined by the total points accumulated by applicants on the basis of applicants' age at the time of application, their waiting time and whether they are already living in PRH. All applicants must meet the eligibility criteria.

About 19,800 PRH units were allocated in 2023. Of these, about 14,800 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 government clearance actions, fire, natural disasters and emergencies.

Applicants may be allocated PRH earlier by opting for less popular flats under the Express Flat Allocation Scheme. About 1,700 households benefited from this scheme in 2023.

Elderly single people can apply for PRH under the Single Elderly Persons Priority Scheme, or apply with other elderly people under the Elderly Persons Priority Scheme. These schemes grant priority to eligible elderly applicants over ordinary family applicants. The average waiting time for elderly one-person applicants was four years at the fourth quarter of 2023. Families are encouraged to live with their elderly relatives in PRH estates.

³ The Hong Kong Housing Society is an independent, not-for-profit organisation. One of its major functions is to provide subsidised housing to target groups at affordable rents and prices.

⁴ Waiting time refers to the time taken between registration for PRH and first flat offer, excluding any frozen period during the application period, such as when the applicant has not yet fulfilled the residence requirement, requested to put the application on hold pending the arrival of family members for a family reunion or is imprisoned.

Rental Level and Assistance

The Housing Authority's policy is to set affordable PRH rents. Its rents cover rates and management and maintenance costs, and ranged from \$490 to \$5,723 (with an average of \$2,298) per month at the fourth quarter of 2023. The rents are reviewed every two years and rent adjustments are based on changes in tenants' overall household incomes. The most recent adjustment was a 1.17 per cent increase effective from 1 October 2022. Considering the economic difficulties caused by the Covid-19 epidemic, the authority endorsed a special relief measure for PRH tenants which waived the extra rent payable for the first 12 months following the rent adjustment. The next rent review will be conducted in mid-2024.

Tenants facing temporary financial difficulties are granted rent reductions of 25 or 50 per cent under the Housing Authority's Rent Assistance Scheme. At the fourth quarter of 2023, about 22,250 households were recipients.

Since May 2020, the Housing Authority has implemented a temporary relief measure to withhold a Notice-to-Quit against tenants unable to pay their rent on time due to financial hardship. The measure has been extended seven times, running to December 2023. Since the implementation of the measure, a cumulative total of 1,807 applications have been approved.

The Housing Authority's Well-off Tenants Policies⁵ help focus PRH resources on those with more pressing housing needs by levying additional rent on better-off tenants. At year end, about 35,900 households paid additional rent. To combat tenancy abuse and safeguard the rational use of PRH resources, the policy was enhanced from 1 October 2023, requiring PRH tenants and their family members to declare once every two years whether they own any domestic property in Hong Kong, whether they have retained regular and continuous residence in their PRH flat, and whether they have complied with the terms of the tenancy agreement regarding occupancy status.

Maintaining Public Housing Stock

Schemes for Maintenance

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

⁵ Well-off Tenants Policies is an umbrella term for the Housing Authority's Housing Subsidy Policy and the Policy on Safeguarding Rational Allocation of Public Housing Resources. They require PRH households who have lived in PRH for 10 years to make regular declarations regarding income, assets and whether they own private domestic properties in Hong Kong. Those who own private domestic properties in Hong Kong, whose family income exceeds five times the prevailing PRH Income Limits (PRHILs), whose net household assets exceed 100 times the prevailing PRHILs, or who refuse to make a declaration must vacate their PRH units.

Innovation and Technology in Public Housing Development

The Housing Authority developed the Project Information Management and Analytics Platform, a cloud-based digital management platform which uses digital-twin technology with a 3D digital map to assist and enhance the decision-making process and managerial efficiency during the different stages of public housing development projects.

The authority has been developing the second generation Modular Integrated Construction (MiC 2.0) technology. A mock-up has been constructed to assess MiC 2.0 from factory production to on-site installation.

Redevelopment Engagements in Wah Fu

The Housing Authority invited tenants and non-governmental organisations of Wah Fu Estate and nearby schools to participate in two design engagement workshops held in February and June to share their views and aspirations on the planning, design and supporting facilities for the reception estates. A newsletter informing the workshop process, tenants' feedback and updates of the redevelopment programme was published and distributed to all tenants of Wah Fu Estate in March.

Redevelopment of Aged Estates

A redevelopment study was launched for Choi Hung Estate, after the Housing Authority was invited in the 2022 Policy Address to select another public housing estate alongside 10 other redevelopment projects currently being undertaken.

It is estimated that the redevelopment of the estate will provide about 9,200 flats, representing a net gain of about 1,800 flats. In addition, the redevelopment will provide an opportunity for the government to improve the traffic and pedestrian network at the adjoining Choi Hung Interchange and its locality.

Home Ownership

Tenants Purchase Scheme

PRH tenants in the 39 existing Tenants Purchase Scheme (TPS) estates can buy flats in which they reside. As at the fourth quarter of 2023, around 153,000 TPS flats had been sold. Recovered TPS flats were put up for sale in Home Ownership Scheme (HOS)/GSH sale exercises. Taking into account the positive response of recovered TPS flats in previous sales exercises and to accelerate the sale of unsold flats in TPS estates, the Housing Authority decided to regularise the sale of recovered TPS flats in HOS/GSH sales exercises in June 2023. A new batch of about 400 recovered TPS flats is being put up for sale under the Sale of HOS Flats 2023.

Green Form Subsidised Home Ownership Scheme

The GSH aims to help relatively better-off Green Form applicants⁶ move up the housing ladder. Flat selection for Sale of GSH Flats 2022, comprising about 4,700 new GSH flats was completed in June 2023.

Home Ownership Scheme

The government provides SSFs to enable low- to middle-income families to own their own homes. In July, applications were invited for the Sale of HOS Flats 2023 involving about 9,200 new flats and balloting was held in October. Eligible applicants will be invited for flat selection from the first quarter of 2024.

White Form Secondary Market Scheme

The White Form Secondary Market Scheme (WSM) addresses the home ownership aspirations of White Form applicants⁷. The quota for WSM 2023, launched in July along with Sale of HOS Flats 2023, was maintained at 4,500.

Starter Homes Projects

Starter Homes projects aim to help higher-income people who are not eligible for the HOS but cannot afford private-sector housing to meet their home ownership aspirations. The Urban Renewal Authority's first two Starter Homes projects provided 753 units and the government is taking forward four other projects, which will provide more than 5,800 units.

Private-sector Housing

To ensure the healthy development of the residential property market, the government increases land supply, combats speculative activities, manages demand for residential properties, increases transaction transparency and prevents over-expansion in mortgage lending.

Demand-side management measures aim to stabilise the residential property market. The Special Stamp Duty, Buyer's Stamp Duty and New Residential Stamp Duty aim to curtail short-term speculation, external demand and investment demand, and accord priority to Hong Kong permanent residents' home ownership needs amid a tight housing supply. Adjustments to these measures, to take immediate effect, were announced in the 2023 Policy Address in October. They included shortening the resale period during which the Special Stamp Duty can be charged from three years to two years; reducing the respective rates of the Buyer's Stamp Duty and New Residential Stamp Duty by half from 15 per cent to 7.5 per cent; and implementing a stamp duty suspension mechanism for incoming talents' acquisition of residential properties.

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

⁷ White Form applicants are households that are not PRH tenants and meet the eligibility criteria for buying SSFs.

Sale of First-hand Residential Properties

The Residential Properties (First-hand Sales) Ordinance and the work of the Sales of First-hand Residential Properties Authority enhance the transparency and fairness in sales of first-hand homes, strengthen consumer protection and provide a level playing field for vendors. In 2023, the authority's staff examined about 20,330 sales-related documents and made about 600 inspections of sales offices and show flats.

Estate Agents

The practice and conduct of estate agents, who handle the vast majority of residential property transactions, are governed by the Estate Agents Ordinance and its subsidiary legislation. Individuals or companies working as estate agents must obtain a licence from the Estate Agents Authority, which also promulgates best practices and promotes consumer education. At year end, there were about 39,580 individual and 3,990 corporate licence holders.

Websites

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

Hong Kong Housing Society: www.hkhs.com

Housing Bureau: www.hb.gov.hk