This year marks the 60th anniversary of public housing in Hong Kong. It all started with a huge squatter fire in Shek Kip Mei on Christmas Day 1953. In 1972, then colonial governor Murray MacLehose launched an ambitious ten-year public housing programme to house 1.8 million people in permanent self-contained homes. The rest is history.

Public housing has facilitated not only upward social mobility, especially with the addition of home ownership scheme (HOS), but also the rapid development of our now thriving new towns like Sha Tin and Tuen Mun. It is a collective achievement that Hongkongers can rightly take pride in.

Yet, as we celebrate this success story, Hong Kong is ironically embroiled in a looming new housing crisis that does not square with its economic affluence, as evidenced by severe undersupply, high property prices and rents beyond the affordability of the general public, and the proliferation of subdivided units (SDUs). Our younger generations are gravely discontented because they don’t see the prospect of affording a self-contained home.

These days, the media and many commentators like to compare Hong Kong with Singapore where some 83% of its citizens live in government housing of one type or another. In Hong Kong only close to half of the population are in either public rental housing (PRH) or subsidized home ownership, while the rest are in private housing. Although the housing trajectories of the two cities are different, there is no reason why Hong Kong citizens should not aspire to adequate and affordable housing.
The newly released Long Term Housing Strategy consultation document “Building Consensus, Building Homes” (http://www.thb.gov.hk/eng/policy/housing/policy/lths/index.htm), sets a vision of providing adequate and affordable housing for each and every family in Hong Kong. In the coming decade, it is reckoned that some 470,000 new housing units have to be built.

Government has to play a proactive role under a “supply-led strategy”, especially in public housing, with an initial 60:40 public-private split in new housing production. Within public housing, the ratio between public rental housing and subsidized home ownership should retain flexibility to respond to changing demands. In face of high housing prices and rents in the private sector, public housing has to perform a stronger lever function.

We must also maintain a stable housing market in line with our economic fundamentals. Hence in face of undue market exuberance, Government stepped in last October and this February with demand management measures. Such exceptional measures are necessitated by unusual circumstances, but they do not by themselves solve the tight supply-demand imbalance, the solution to which must lie in a continuous and sustainable increase in supply.

It is easy to say let’s increase supply as much as we can - double the current number or even more. But it is not such a simple numbers game. First of all we need properly zoned land. Then, we must ensure enough infrastructure, transport and community facilities. The planning and consultation processes are now less straightforward as many local communities become more wary of added housing blocks and population. Construction capacity is also a constraint.
The challenge is big, but constraints and hurdles abound. We need time and perseverance to sort out multiple problems and diverse stakeholder interests. We have to accept social trade offs, and to set priorities to cater to more pressing social needs in the short to medium term, while we put our feet firmly on a bold long-term path towards “affordable housing for all”.

In PRH, given the present long waiting list (running to 118 700 for families and elderly, and 115 600 for non-elderly singletons), the low-income families and elderly, especially those inadequately housed such as in SDUs, should be accorded priority in allocation. Non-elderly singletons are currently put in a different waiting list under the Quota and Points System (QPS). If we remove QPS, then the waiting time for families will have to double. But there is a case to enhance QPS so that the waiting time of non-elderly singletons above the age of 35 can be progressively reduced.

Home ownership contributes towards social stability and mobility. It is essential to rebuild the housing ladder and offer new opportunities to our younger generations to buy their homes. Apart from increasing the production of HOS flats, we should also explore innovative means, leveraging on the private sector’s capacity and promoting public-private partnership, to build more affordable housing for the general public.

High rent has become an issue of much concern. Some have urged for reintroducing rental control. However, the immediate benefits to sitting tenants under any control scheme in a tight market may well be outweighed by longer-term market consequences resulting in higher asking rents and tenant selection by landlords. Equally, under tight supply, any government measures in the form of rent subsidy to those on the PRH waiting list or a home starter loan scheme will likely push up rents and property prices.
So we are back to the basics – supply and more supply! To deliver on a larger quantum of new housing over the next decade, we will have to go for higher development density and to actively plan for more land, failing which whatever ambitious targets set cannot be achieved. We will need to satisfy not only the growing demand for quantity but also the aspirations for quality in terms of living space.

We urgently need to agree on a “New Deal” for housing, for the sake of building a better future for our younger generations. The three-month public consultation exercise should be the beginning of continuing dialogues focused on key issues, as well as the trade offs necessary for taking our housing vision forward.