Housing Policy: Housing policy in Hong Kong is currently formulated, co-ordinated and monitored by the Secretary for Transport and Housing. The Housing Department (HD) supports the Transport and 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 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 Chief Executive’s 2017 Policy Address set out 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 2018 in December 2018. According to the latest projections, the total housing supply target for the ten-year period from 2019/20 to 2028/29 is 450,000 units. The Government has revised the public/private split of new housing supply from 60:40 to 70:30, with a view to better addressing the demand for public housing from the community. Therefore, the public and private housing supply targets for the above ten-year period are 315,000 units and 135,000 units respectively. The target of 315,000 public housing units comprises of 220,000 “PRH/Green Form Subsidised Home Ownership Scheme (GSH)” units (20,000 units more than the target announced in 2017) and 95,000 “other SSFs” (15,000 units more than the target announced in 2017).

The Government has been introducing various measures opportune, including the six new initiatives on housing the Chief Executive announced in June 2018: (i) revising the pricing mechanism for Home Ownership Scheme (HOS) so that the selling prices of HOS flats are no longer linked to the market prices of private flats, and revising the test for assessing affordability; (ii) inviting the Urban Renewal Authority (URA) to assign its re-development project at Ma Tau Wai Road as a “Starter Homes” (SH) pilot project; (iii) reallocating nine private housing sites for public housing; (iv) amending the Rating Ordinance to introduce “Special Rates” on vacant first-hand private residential units; (v) amending the Lands Department Consent Scheme to improve sales practices; and (vi) setting up a task force to assist the community to take forward transitional housing projects.

Furthermore, the Chief Executive’s 2018 Policy Address also suggested the Hong Kong Housing Authority (HKHA) and the Hong Kong Housing Society (HKHS) to consider the following three new initiatives: (i) in the light of the operational experience of HKHS’s Letting Scheme for Subsidised Sale Developments with Premium Unpaid, HKHA to join the scheme and allow owners of its SSFs with premium unpaid to sublet their flats to needy families; (ii) HKHS to launch a “Flat-for-Flat Pilot Scheme for Elderly Owners” on a trial basis for its SSFs with premium not yet paid; and (iii) HKHA to launch a new concessory initiative whereby under-occupation households whose family members are all elderly rather than 70 years old are allowed to enjoy lifetime full rent exemption upon their transfer to smaller, new or refurbished units with suitable size.

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 2018, the number of private permanent housing amounted to about 1.55 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-September 2018, the supply of first-hand private residential property market for the coming three to four years is about 93,000 units, including 9,000 unsold units in completed projects, 66,000 units under construction less units sold by pre-sale; and 18,000 units from disposed sites where construction may start any time. The statistics is the same with the last quarter and is maintained at a relatively high level. 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.
The Government’s policy aims at maintaining the healthy development of the property market. In view of the overheated property market in recent years owing to severe housing demand-supply imbalance and the ultra-low interest rates environment with abundant liquidity, the Government has introduced several rounds of demand-side management measures, including the Special Stamp Duty (SSD), Buyer’s Stamp Duty (BSD), Doubled ad valorem Stamp Duty (DSD), and New Residential Stamp Duty (NRSD), so as to combat short-term speculative activities, curb external demand and reduce investment demand. To prevent local investors from avoiding payment of NRSD through acquiring multiple residential properties under a single instrument, the Government announced the tightening of the major exemption arrangement provided for Hong Kong permanent residents (HKPRs) under the NRSD regime with effect from 12 April 2017.

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 September 2018, the SRPA has conducted about 56 900 examinations on sales-related documents and about 2 990 site inspections to sales offices and show flats.

Public Housing Providers: 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 third quarter of 2018, about 2.16 million people (about 29 per cent of the population) lived in PRH flats while the PRH stock was about 820 800 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-September 2018, there were about 150 200 general applications. The average waiting time^ for general applicants was about 5.5 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-September 2018, there were about 117 500 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;
- 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 and their family members 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; and
- 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. PRH households who have domestic property ownership in Hong Kong should vacate their PRH flats, irrespective of their income or asset level.
- Households with less than ten 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. As at end-September 2018, PRH rent ranged from $380 to $5,159, and the average rent was about $2,070 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-September 2018, there were about 407,600 SSFs*, mainly flats under the Home Ownership Scheme (HOS). SSFs are subject to alienation restrictions. SSFs 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 11,305 HOS flats for pre-sale from 2014 to 2018. The first batch of a total of 2,160 flats in five development projects pre-sold in 2014 have been completed for intake. The total of 4,714 flats pre-sold in 2016 and 2017 are expected to be completed in 2018/19. The HKHA put up a total of 4,431 flats for pre-sale in March 2018. Based on the revised HOS pricing mechanism announced by the Chief Executive in June 2018, the HKHA approved the revised selling price in July 2018 and endorsed re-opening of application of Sale of HOS Flats 2018 (“HOS 2018”) in October 2018. Ballots were drawn in November 2018 and flat selection will commence in February 2019. These flats are expected to be completed in 2018/19 to 2020/21. Besides, the HKHS put up a total of 2,628 SSFs for pre-sale in 2012, 2016 and 2017.

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 launching the White Form Secondary Market Scheme (WSM) on a regular basis, allowing buyers with White Form status2 to purchase SSFs with premium unpaid in the Secondary Market. The WSM 2018 has a quota of 2,500.

To further strengthen the housing ladder, the HKHA launched the GSH pilot in 2016. Under this scheme, suitable flats among its PRH developments under construction have been selected for sale to Green Form applicants, with prices set at a level lower than those of HOS flats. The GSH pilot project King Tai Court at San Po Kong was launched in October 2016, and all 857 flats were sold in February 2017. The HKHA endorsed the regularisation of GSH. The next GSH project Lai Tsui Court at Cheung Sha Wan was launched in December 2018 and provided 2,545 flats.

Besides, on the premise that the supply of public housing will not be affected, the Government will introduce the SH 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 in the face of high property prices. The Government announced in June 2018 to test out the SH concept early by inviting URA to assign its re-development project at Ma Tau Wai Road as a SH pilot project. The Ma Tau Wai Road project can provide 450 SH units, with pre-sale exercise launched in late December 2018.

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-September 2018, about 639,300 people aged 60 or above live in PRH flats of the HKHA and the HKHS, representing about 36 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-September 2018, the average waiting time for elderly one person applicants was about 2.9 years. In support of the “ageing in place” policy of the Government, the HKHA has currently 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 by living together or in the vicinity such that they could take care of each other. Regarding building design and facilities, the HKHA will adopt universal design, carry out adaptation/modification works in PRH units and install 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 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. There are two pilot projects (i.e. Jolly Place at Tseung Kwan O and Cheerful Court at Jordan Valley) under the Scheme, which provides a total of 576 units. The HKHS also launched the Tanner Hill project at North Point in 2015 to provide 588 units 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.

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.

* 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 (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 restriction. 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 clearance 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.