

**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 strategic 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 2019 in December 2019. According to the latest projections, the total housing supply target for the 10-year period from 2020-21 to 2029-30 is 430 000 units. According to the public/private split of 70:30 for new housing supply, the public and private housing supply targets for the above 10-year period are 301 000 units and 129 000 units respectively. The target of 310 000 public housing units is comprised of 210 000 "PRH/Green Form Subsidised Home Ownership Scheme (GSH)" units and 91 000 "other SSFs".

The Government will continue to strive to increase housing supply on the basis of LTHS. Before reaching the long term goal of housing supply, the following short- and medium-term support measures were put forward in the 2019 Policy Address, to meet people's housing needs and home ownership aspirations. These measures include (i) exploring the feasibility

of redeveloping the Hong Kong Housing Authority (HKHA)'s factory estates for public housing use, particularly to increase the supply of PRH units; (ii) accelerating the sale of unsold flats in Tenants Purchase Scheme (TPS) estates; (iii) expediting the sale of HOS and GSH flats; (iv) further increasing the quota for White Form Secondary Market Scheme (WSM); (v) launching the second pilot project of "Starter Homes" (SH) for Hong Kong residents; and (vi) increasing the supply of transitional housing, etc.

**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 September 2019, the number of private permanent housing amounted to about 1.62 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-March 2020, the supply of first-hand private residential property market for the coming three to four years is about 95 000 units, including 9 000 unsold units in completed projects, 60 000 units under construction less units sold by pre-sale; and 25 000 units from disposed sites where construction may start any time. The figure is 2 000 units higher than 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.

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 March 2020, the SRPA has conducted about 89 500 examinations on sales-related documents and about 3 660 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. 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:** PRH is a long-established safety net for low-income families. As at the first quarter of 2020, about 2.19 million people (about 30 per cent of the population) lived in PRH flats while the PRH stock was about 834 200 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-March 2020, there were about 153 500 general applications. The average waiting time<sup>^</sup> for general applicants was about 5.4 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-March 2020, there were about 103 600 QPS applications. Unlike general applicants, under QPS:

- the allocation of flats is subject to an annual quota;
- the priority of applicants is determined by their accumulated points under the 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 must be 18 years of age or above. Applicants and their family members must be residing in Hong Kong and have the right to land in Hong Kong. They 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 whose family income exceeds 5 times the prevailing PRH income limits (PRHILs) or whose total household net asset value exceed 100 times the prevailing PRHILs or opt not to declare should vacate their PRH flats.
- Households with less than 10 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-March 2020, PRH rent ranged from \$443 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-March 2020, there were about 421 500 SSFs\*, mainly flats under HOS. Since SSFs are subject to alienation restrictions, 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 16 176 new HOS flats for sale from 2014 to 2019. The first batch of a total of 2 160 flats in

five development projects pre-sold in 2014 have been completed for intake. A total of 4 714 flats sold in 2016 and 2017 were completed for intake in 2018/19. The HKHA put up a total of 4 431 new HOS flats for 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. In this batch, 1 507 flats and 1 698 flats were completed in 2018/19 and 2019/20 respectively, and the remaining 1 226 flats are scheduled for completion in 2020/21. As to the batch of 4 871 new HOS flats put up for sale in 2019, 603 flats were completed for intake in 2019/20 and the remaining 4 268 flats are scheduled for completion in 2020/21. Besides, the HKHS put up a total of 2 628 SSFs for pre-sale in 2012, 2016 and 2017.

● **White Form Secondary Market Scheme (WSM):** 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 regularising the White Form Secondary Market Scheme (WSM), allowing buyers with White Form status<sup>#</sup> to purchase SSFs with premium unpaid in the Secondary Market. In light of the keen demand among the White Formers for home ownership, HKHA has already increased the annual quota for WSM from 2 500 in 2018 to 3 000 in 2019. To meet the home ownership aspirations of more White Formers, it was suggested in the Policy Address 2019 that HA should consider further increasing the annual quota for WSM in 2020.

● **Green Form Subsidised Home Ownership Scheme (GSH):** The HKHA regularised GSH in January 2018 to provide an alternative avenue for Green Form applicants to achieve home ownership. 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 GSH project Lai Tsui Court at Cheung Sha Wan was launched in December 2018, providing a total of 2 545 flats, and was completed for intake in 2018/19. The HKHA launched two GSH projects in December 2019 (i.e. Dip Tsui Court in Chai Wan and Ching Fu Court in Tsing Yi), providing a total of 3 696 flats, with scheduled completion in 2022/23 and 2023/24 respectively.

● **“Starter Homes” (SH) Pilot Projects for Hong Kong residents:** Besides, the Government introduced the SH pilot 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 first SH pilot project in Ma

Tau Wai Road was announced for pre-sale in December 2018. All 450 SH units were sold in June 2019. In view of the public’s strong demand for SH units and positive response to the SH concept, the Government invited public tender for a private residential site on Anderson Road, Kwun Tong in March 2020 for implementing the second SH pilot project. According to the land sale conditions, the Government will randomly select no less than 1 000 SH units from the residential units built by the developer. The developer is required to offer these SH units for sale at 80% of the market prices to applicants who meet the eligibility criteria specified by the Government. The tender was awarded in May 2020.

● **Tenants Purchase Scheme (TPS):** In the 2019 Policy Address, the Chief Executive proposed that the HKHA make active preparation with a view to accelerating the sale of unsold TPS flats, so as to further meet the home ownership aspirations of PRH tenants, and solve the estate management and maintenance problems in TPS estates arising from mixed ownership. In March 2020, the HKHA endorsed freezing the letting of recovered TPS flats, with a view to putting them up for sale in the future.

● **Letting Scheme:** The Chief Executive’s 2018 Policy Address suggested the HKHA to consider joining the scheme and allow owners of its SSFs with premium unpaid to sublet their flats to needy families, in the light of the operational experience of the HKHS’s Letting Scheme for Subsidised Sale Developments with Premium Unpaid (Letting Scheme). In July 2019, the HKHA’s Subsidised Housing Committee endorsed the HKHA’s joining the HKHS’ enhanced Letting Scheme on a trial basis, allowing eligible owners of the HKHA’s SSFs who have owned their flats for 10 years or more with premium unpaid to let their flats to eligible PRH applicants as well. In the enhanced scheme, apart from letting individual bedrooms, owners are allowed to let the entire flats as well.

**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-March 2020, about 672 200 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-March 2020, the average waiting time for the HKHA’s PRH for elderly one person applicants was about 3.0 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 has adopted the major elements of Universal Design concept for many years. This includes undertaking adaptation/ home modification works in PRH units and installing 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 Chief Executive's 2018 Policy Address suggested that the HKHA launch a new concessionary initiative whereby under-occupation households whose family members are all aged 70 or above (UO70+) are allowed to enjoy lifetime full rent exemption upon their transfer to smaller units.

In December 2019, the HKHA implemented a trial scheme for granting full rent exemption to UO70+ upon their transfer to PRH units of suitable sizes. This initiative aims to provide a rent-free housing option for such all-elderly households to transfer to new or refurbished units, and to save living expenses. Furthermore, this initiative will help increase the supply of larger units for allocation to households awaiting PRH allocation with more family members. 300 PRH units will be allocated for the scheme on a first-come-first-served basis during the trial period. A review will be conducted after one-year implementation.

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. Furthermore, the Chief Executive's 2018 Policy Address suggested the HKHS to launch a "Flat-for-Flat Pilot Scheme for Elderly Owners" on a trial basis for its SSFs with premium not yet paid. The scheme was launched by the HKHS in October 2019.

**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<sup>@</sup> 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.

**Transitional housing:** Since it takes time to identify land for increasing housing supply, the Government will support and facilitate the implementation of various short-term initiatives on transitional housing to alleviate the hardship faced by families awaiting PRH and the inadequately housed. The Government has established a funding scheme to support the implementation of transitional housing projects by non-government organisations.

The Task Force on Transitional Housing under the Transport and Housing Bureau (Task Force) is responsible for taking forward the transitional housing projects initiated and implemented by community organisations, including the Funding Scheme. The Chief Executive announced in the 2019 Policy Address to increase the number of transitional housing projects substantially to provide a total of 10 000 such units within the next three years (from 2020-21 to 2022-23) and announced in January 2020 that the Government would further increase the supply target of transitional housing in the coming 3 years to 15 000 units to further relieve the pressure of families waiting for PRH and those living in unpleasant conditions. As at January 2020, the Task Force has identified sites for the provision of 10 000 transitional housing units in the coming 3 years.

<sup>^</sup> 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.

<sup>\*</sup> SSFs refer to those units with premium not yet paid. Hence, they are still being subsidised by the Government and subject to alienation restrictions. Those units with premium paid/no need to pay premium and can be transacted in the open market are not included.

<sup>#</sup> White Form applicants have to satisfy certain eligibility criteria including residence rule, and the income and asset limits set by the HKHA.

<sup>@</sup> 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 clearances 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.