

# HONG KONG: THE FACTS

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## 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's housing policy is premised on three major guiding principles. First, the focus of the Government's subsidised housing policy should be on the provision of assistance to low-income families who cannot afford private rental accommodation. Second, the Government should minimise its intervention in the private property market. Third, the Government should maintain a fair and stable operating environment for the private property market by ensuring adequate land supply and provision of efficient supporting infrastructure.

**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 December 2006, private residential stock (excluding village housing) amounted to about 1.37 million units. The Government's policy is to minimise intervention in the private property market and to maintain a fair and stable environment to facilitate the healthy development of the private property market. The Government also publishes on a regular basis statistics on private housing supply in the primary market to enhance transparency.

To restore the free operation of the private residential rental market, the Government has removed obsolete legislative provisions on security of tenure for domestic tenants.

To better protect the interests of home buyers, the Estate Agents Authority (EAA) has been set up to license estate agents, regulate their practices, and enhance the competence and professionalism of the sector, following the enactment of the Estate Agents Ordinance in May 1997.

To ensure that accurate information is provided to prospective purchasers of uncompleted first-hand residential properties, Lands Department's Consent Scheme specifies the property information which developers have to provide in sales brochures and the sales arrangements for uncompleted first-hand residential properties. Also, the Real Estate Developers Association of Hong Kong (REDA) has set up a self-regulatory regime under which its members are required to provide adequate and accurate information in sales descriptions in accordance with the REDA's guidelines. There is close liaison among the REDA, the Government, the Consumer Council and the EAA to keep the self-regulatory regime working smooth and to make improvements when needed.

**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 not-for-profit organisation established in 1948, providing specific categories of public housing to help meet the housing needs of the community.

**Public Rental Housing:** The provision of assistance to those in genuine housing need continues to lie at the heart of the Government's housing policy. As at March 31, 2008, about 2.0 million people (29% of the population lived in public rental housing (PRH) estates. The stock was about 726 600.

The Government would continue to assist those who cannot afford adequate accommodation in the private market through the public rental housing programme. It is committed to maintaining the average waiting time at around three years. At the end of June 2008, there were about 110 200 applications on the Waiting List for the HKHA's public rental housing. The average waiting time for PRH was about 1.8 years.

We have implemented the following measures to ensure that public rental flats are allocated to people in genuine need: —

- A Waiting List is operated for the allocation of new or refurbished public rental flats to eligible applicants in accordance with the order of registration;
- Non-elderly one-person applicants are subject to a Quota and Points System, under which points will be assigned to them based on their age at the time of submitting the applications, whether they are PRH tenants and their waiting time. Priority of flat allocation is accorded to applicants receiving more points;
- To be eligible, applicants must undergo comprehensive means tests covering both income and net assets, have at least seven years' residence in Hong Kong and possess no private domestic property. 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 are 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. At present, PRH rent is inclusive of rates, management costs and maintenance expenses, and range from \$220 to \$3,370 with an average rent of \$1,320 per month.

In January 2007, the Government introduced the Housing (Amendment) Bill 2007 into the Legislative Council to replace the statutory cap of 10 per cent median rent-to-income ratio in the Housing Ordinance (Cap. 283) with a new rent adjustment mechanism for the HKHA's public rental housing. The bill was passed by the Legislative Council in June 2007, and the new mechanism came into effect in January 2008. The new income-based rent adjustment mechanism provides a more flexible framework that matches rental adjustments to changes in public rental housing household incomes and could better reflect tenants' affordability and contribute to the sustainability of Hong Kong's public rental housing programme.

**Subsidised Home Ownership:** Since 1978, more than 455 800 subsidised flats have been sold to households of low and middle income groups at discounted prices under the Government's various subsidised home ownership schemes, including the Home Ownership Scheme (HOS), the Private Sector Participation Scheme (PSPS) and the Tenants Purchase Scheme (TPS) introduced by the HKHA, as well as the Flat-For-Sale Scheme and Sandwich Class Scheme of the HKHS. In support of the Government's housing policy, the HKHA ceased the production and sale of HOS flats from 2003 onwards, terminated the PSPS, and ceased the sale of PRH units under the TPS. To dispose of the residual surplus HOS flats, the HKHA decided in early 2006 to put some 16 600 surplus HOS flats for sale in phases and in an orderly manner starting from 2007. A total of 9 363 surplus flats were offered for

sale in the first three phases of sale from January 2007 to June 2008.

**Interim Housing:** Interim housing provides accommodation to people who are rendered homeless for one reason or another, but are not eligible for permanent public housing at the present stage.

**Housing for Elderly People:** At the end March 2008, about 439 500 people aged 60 or above live in public housing flats of the HKHA and the HKHS, representing 39 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. The waiting time of single elderly applicants for HKHA's PRH is maintained at two years or less in average. The HKHS has launched a pilot 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.

**Squatters:** The number of squatters and squatter structures has been reduced in recent years through rehousing and clearance programmes. The criteria for rehousing squatters upon clearance have been relaxed. Since December 2002, families who have resided in registered squatter structures for two years and met the prescribed income and assets limits are rehoused in public rental flats. Squatters who wish to move out voluntarily can apply for public housing through the Waiting List.