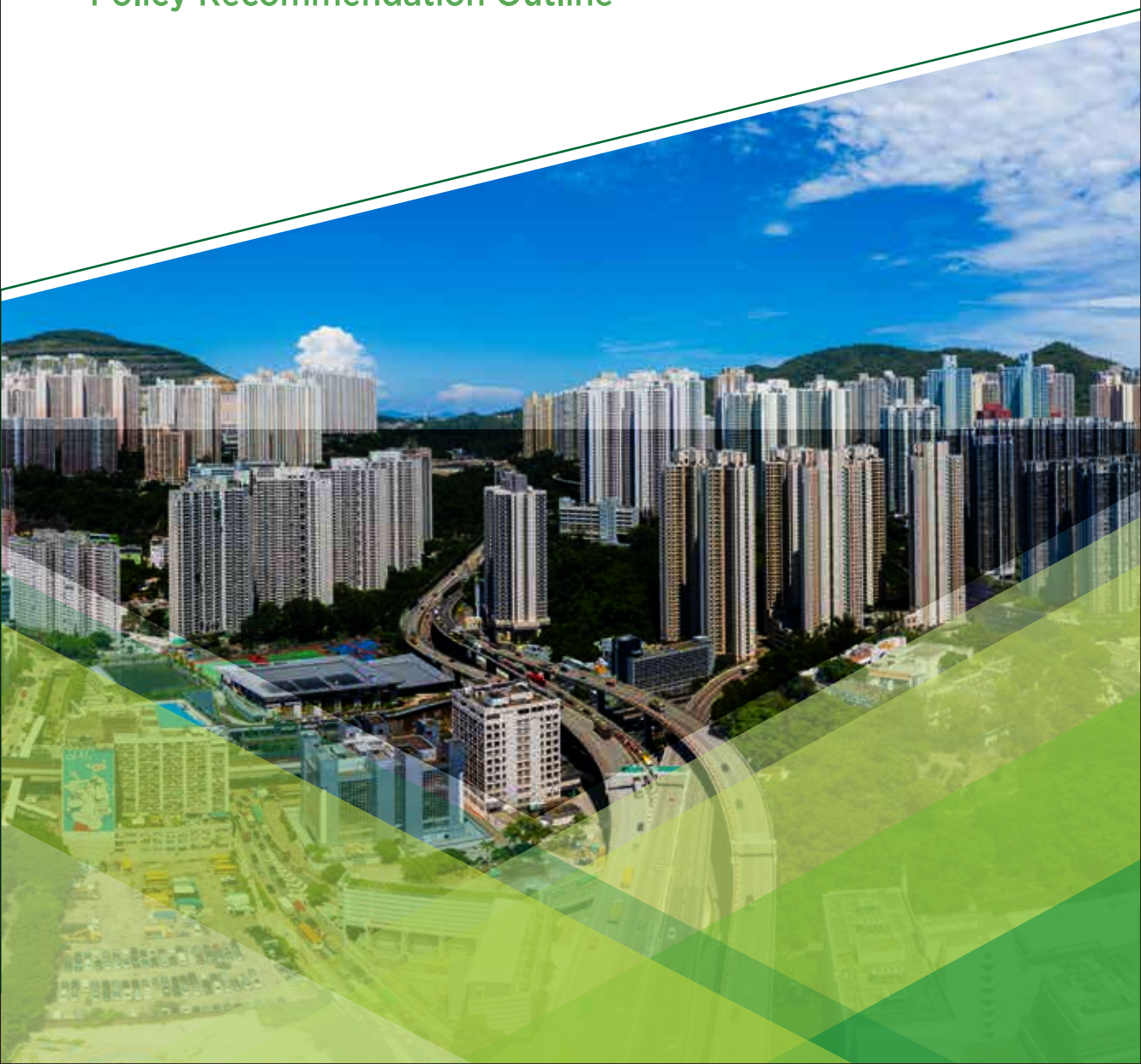




OUR HONG KONG
FOUNDATION
團結香港基金

Vision of Universal Affordable Housing in Hong Kong

Policy Recommendation Outline





Providing More Housing Options and Rebuilding the Housing Ladder

In the past four years, the Our Hong Kong Foundation (OHKF) has published three research reports on housing, which all suggested an adjustment in public housing policy from the present rental model to a Buy-or-Rent model — in order to provide more housing options and rebuild the housing ladder.

Many people in the society regard the HDB flats in Singapore as an effective policy for solving Hong Kong's housing problems. At present, about 80% of Singapore people live in HDB flats that their government provides. Among HDB flat residents, 90% are owners and 10% are tenants. On the whole, more than 90% of Singaporeans possess their own properties.

The "Vision of Universal Affordable Housing in Hong Kong", proposed by the OHKF, has made reference to the Singaporean model and outlined a viable path based on Hong Kong's own circumstances. The ultimate goal is to enable 70% to 80% of Hong Kong citizens to have an option of becoming property owners. Through a set of ten policy recommendations, the proposal targets to benefit Public Rental Housing (PRH) tenants, households on the PRH waiting list or currently living in sub-divided units, owners of Subsidised Sale Flats (SSFs) with premium unpaid, White Form households, and young first-time home buyers, in order to achieve universal affordable housing.

Ten Housing Policy Recommendations to Benefit Five Communities



I. Public Rental Housing Tenants

- **1. Relaunching Tenants Purchase Scheme 2.0:** A refined version of the Tenants Purchase Scheme (TPS 2.0) should be relaunched in a large scale as it offers the majority of PRH tenants an opportunity to purchase their current rental units. Increasing the Government's funding for the Maintenance Reserve Fund and reexamining the boundaries of TPS estates will make it possible to address some of the TPS's administrative problems, which were criticised in the past.

The TPS 2.0 helps narrow the wealth gap and unlock the value of land for wealth creation and economic development in the society. The scheme can also have a positive effect on the labour market and family stability, as it helps utilise the existing public housing resources more efficiently and boost resident numbers in underutilised units. As such, the pressing problem of housing shortage may be alleviated in the short-to-medium term.

In determining the sale price, the OHKF proposes to refer to the old TPS and set a unit's price at 25% of the market price. The premium should be fixed at the level on the day when the unit is sold, meaning that the premium will not be subject to increase along market prices. If the unit is transferred to a Green Form or White Form household in the secondary market, the unit owner may carry out the transaction without having to repay the premium beforehand. Additionally, restrictions on renting and transferring units with premium unpaid in the secondary market should also be relaxed.

- **2. Optimising the Public Rental Housing transfer mechanism:** In conjunction with the relaunch of TPS 2.0, an open platform should be established to ensure convenience and flexibility in processing PRH transfer requests. Using this platform, PRH tenants may exchange their flats in a free and multilateral manner, thereby reducing mismatch between units and residents and enabling residents to live in their desired homes.



II. Households on the Public Rental Housing Waiting List / Currently Living in Sub-divided Units

- **3. Providing a Buy-or-Rent Option for new Public Rental Housing:** PRH applicants should be able to freely choose either to rent or purchase new PRH. Applicants who choose to rent may also reserve the right to purchase their units in future.
- **4. Providing rent subsidies:** Considering that the current waiting time for PRH is as long as 5.4 years, the Government may provide rent subsidies for households at the top of the public housing waiting list, in order to relieve people's rental pressure during the waiting period. The Government may also set up a quota that is based on the cumulative shortfall between its actual completion and annual supply target.
- **5. Reapportionment of more land for Public Rental Housing:** Under the condition that the overall supply of housing units is increased, some private residential land may be reallocated for public housing use, with the view of increasing the supply of public housing.



III. Owners of Subsidised Sale Flats with Premium Unpaid

- **6. Fixing the premium:** In order to facilitate SSFs owners' payment of the premium to become bona fide owners, the OHKF proposes to optimise the existing mechanism such that the premium of existing and future newly-completed SSFs will be fixed on the date of purchase and will not be subject to increase along market prices.
- **7. Relaxing rental and sales restrictions:** All owners of SSFs with premium unpaid should be allowed to rent out their flats to households on the PRH waiting list as well as White Form households. This will revitalise the secondary market for SSFs with premium unpaid, releasing a large number of idle or underutilised living space to alleviate housing shortage in the short term.

In addition, after selling their previous SSFs with premium unpaid in the secondary market, all owners should then be allowed to buy another flat with premium unpaid from the said market. This will help drive the turnaround of units and enhance their usage efficiency, ensuring that the units meet the actual needs of residents.



IV. White Form Households

- **8. Fully opening up the White Form Secondary Market:** Relying solely on the supply of newly completed SSFs and the 3,000 units through the annual quota system for the White Form Secondary Market (WSM) would not be sufficient to meet the demand of White Form households. The Government ought to increase the WSM quota as soon as possible so that more White Form households may be allowed to purchase SSFs with premium unpaid from the secondary market, thus giving these households greater homeownership opportunities.
- **9. Refining the balloting mechanism for new Home Ownership Scheme:** It is suggested that the balloting mechanism should be refined so that the success rate of applicants with multiple failed applications will be improved. With the full relaunch of TPS 2.0, the homeownership opportunities for Green Form households will be much better, and as a result, the Government may consider allocating more new HOS units to White Form households to fulfil their homeownership aspirations.





V. Young First-time Home Buyers

- **10. Interest-free loans to first-time home buyers:** The Government may provide interest-free loans to young first-time buyers who are not eligible for the HOS due to income cap rules. These applicants may purchase a private property with a maximum price of HK\$8 million. The required down-payment may be lowered to 10% of the property's price, while the interest-free loan together with the mortgage by the bank may cover the remaining 90% of the price. Appropriate limits on age, income and asset can be imposed. Units purchased under this loan scheme may either be first-hand or second-hand private homes (including HOS and TPS units with premium paid). The scheme may allow more young people to gain a share of economic prosperity and asset appreciation.

A Substantial Increase in Land and Housing Supply is a Prerequisite

In addition to the above policy recommendations, to fulfil the housing demand of our people, a large number of housing supply is also needed. A substantial increase in land supply is a prerequisite for achieving such a vision. In the long term, the Government must adopt an infrastructure-led planning approach to increase land and housing supply. This, coupled with the recommendations we have proposed above, will help achieve the vision of universal affordable housing in Hong Kong.

The OHKF also recommends a gradual lifting of income limit for eligible purchases of public housing, if supply permits, in order to benefit more Hong Kong people. The Government may consider an early allocation of public housing units that have been planned for completion in the future as a measure to reiterate its commitment to eligible tenants and buyers. The ensuing public pressure will help streamline the approval procedures and expedite land development.

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September 2019
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