

THE HONG KONG HOUSING AUTHORITY

Memorandum for the Housing Authority

Overview of the Housing Authority's Progress in 1990s

PURPOSE

This paper gives Members an overview of the progress of the Housing Authority (HA) in the 1990s.

BACKGROUND

2. The twin goals of the HA are to provide rental housing to those in need and to facilitate wider home ownership amongst low income families. These two objectives were reaffirmed in the 1998 Long Term Housing Strategy White Paper published by the Government. To facilitate forward planning, it will be useful to stock-take HA's progress in the last decade when we march into the new millenium.

ANALYSIS

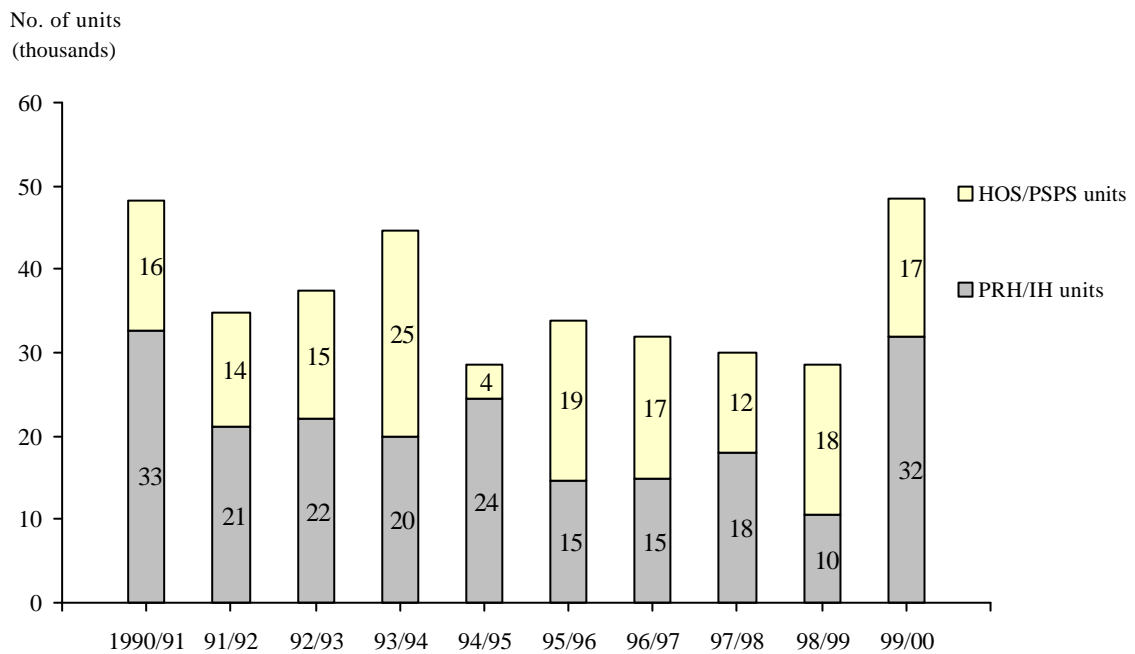
3. Our analysis will focus on HA's contributions in three main areas -
- (a) delivering affordable public housing;
 - (b) providing public rental housing (PRH) to those in need;
and
 - (c) facilitating wider home ownership.

All the statistics below cover the 10-year period between 1990/91 and 1999/2000. They all refer to the position at the end of the corresponding financial year.

Delivering Affordable Public Housing

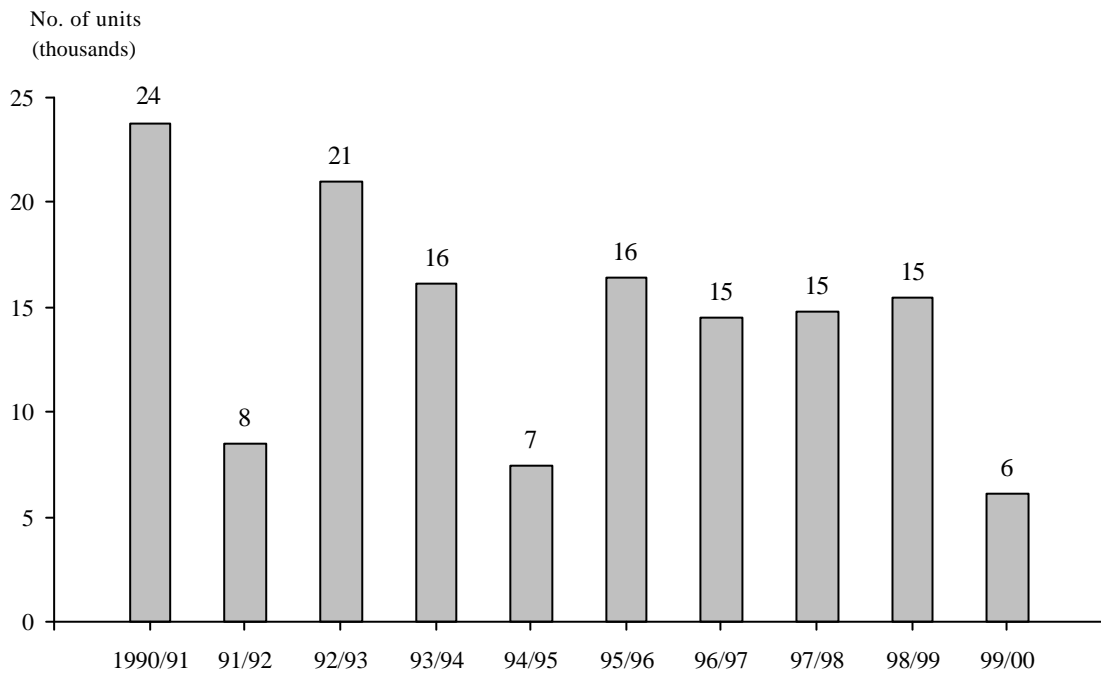
4. In the last decade, the HA provided a total of 366 000 new public housing units, of which 210 000 units were for rent while 156 000 units were for sale. Due to the uneven supply of land in the past, the yearly production fluctuated greatly, ranging from 28 400 units in 1994/95 to 48 500 units in 1999/2000.

Graph 1 : HA Housing Production



5. Apart from providing new housing units, the HA has been rolling out the Comprehensive Redevelopment Programme (CRP) in which old PRH blocks are demolished. A total of 144 000 PRH units were demolished and affected households were rehoused to housing units of improved standards. The CRP will be completed by 2005. Thereafter, redevelopment of PRH will be confined to selected blocks determined by need, having regard to their structural conditions, economic viability and build-back potential.

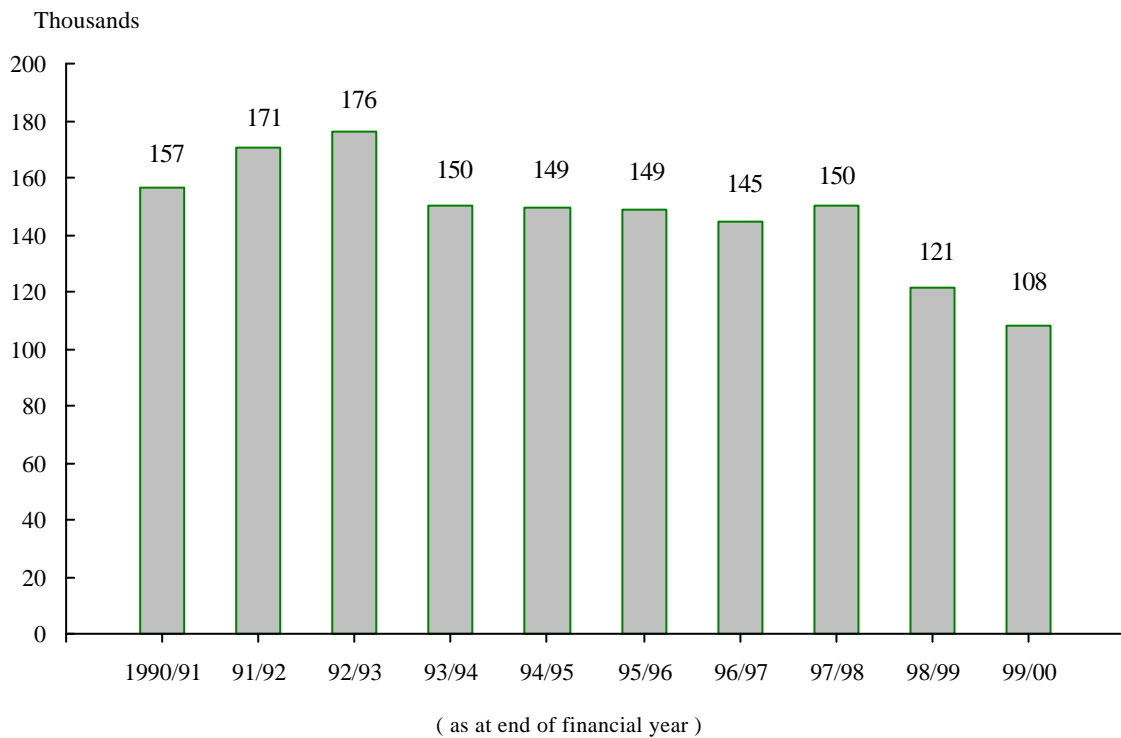
Graph 2 : Demolition under CRP



Providing PRH to Those in Need

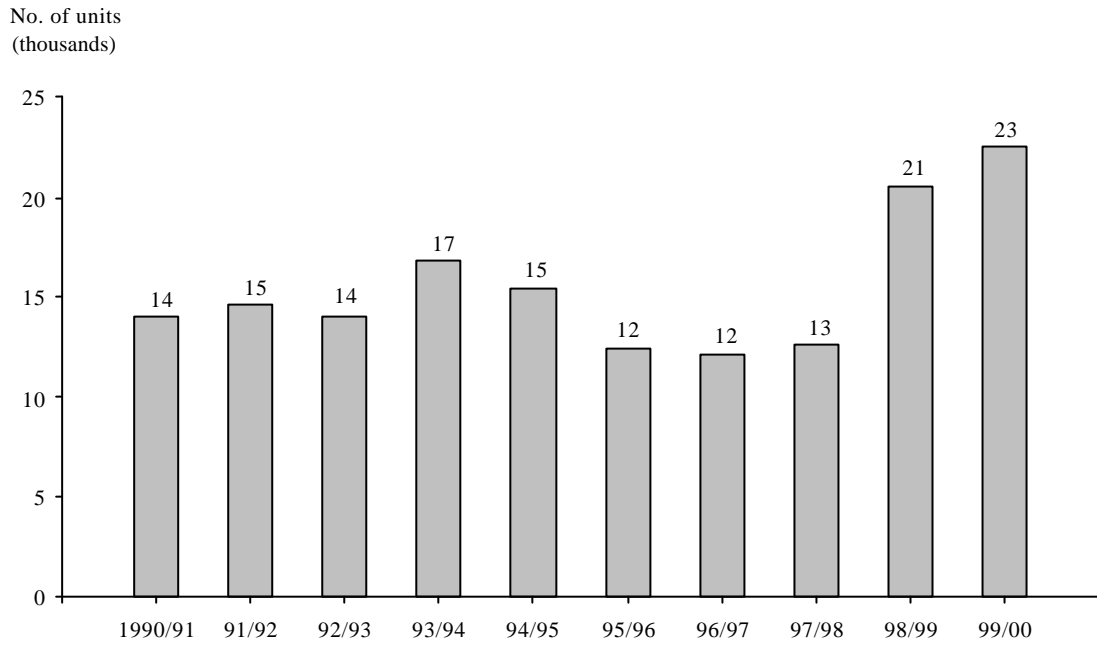
6. As the prime objective of the HA is to provide affordable and adequate accommodation to those in need, the best performance indicator on this aspect will be our progress in clearing up the Waiting List (WL). In this ten-year period, we had progressively reduced the number of live WL applications by one-third, from 157 000 in March 1991 to 108 000 in March 2000. The average waiting time for PRH had been reduced from 9 years to 5 years correspondingly.

Graph 3 : No. of Live WL Applications



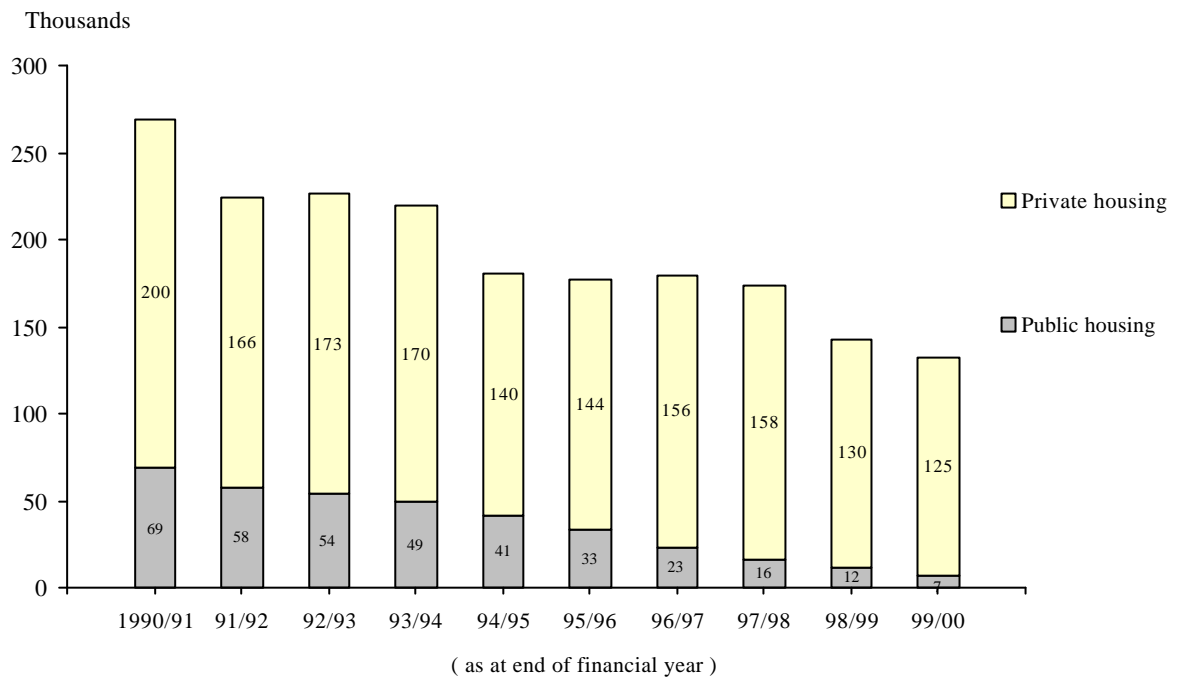
7. This remarkable progress was achieved through our increased housing production and the continued stress on rational allocation of housing resources. In the past two years, we had increased our flat allocation to WL applicants by more than 50%.

Graph 4 : PRH Units Allocated to WL Applicants



8. As a relevant benchmark, the number of inadequately housed households ^{Note 1} had been reduced by half, from 269 000 in March 1991 to 132 000 in March 2000.

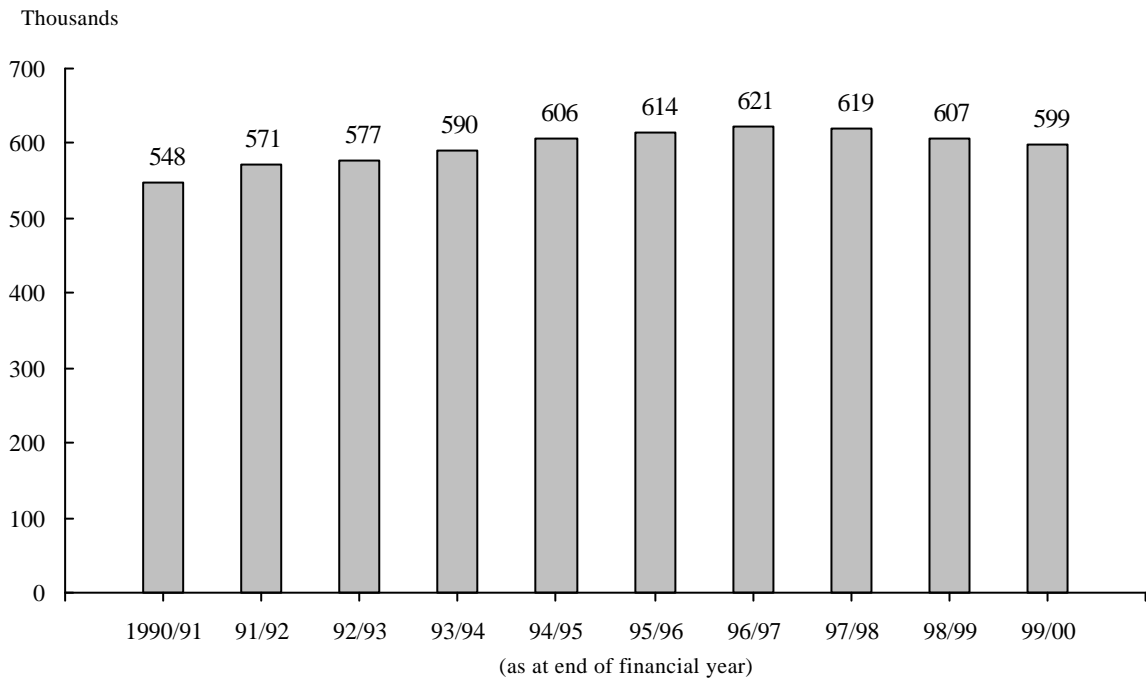
Graph 5 : No. of Inadequately Housed Households



Note 1 Inadequately housed households refer to households living in temporary or non-self-contained structures or households sharing accommodation with others.

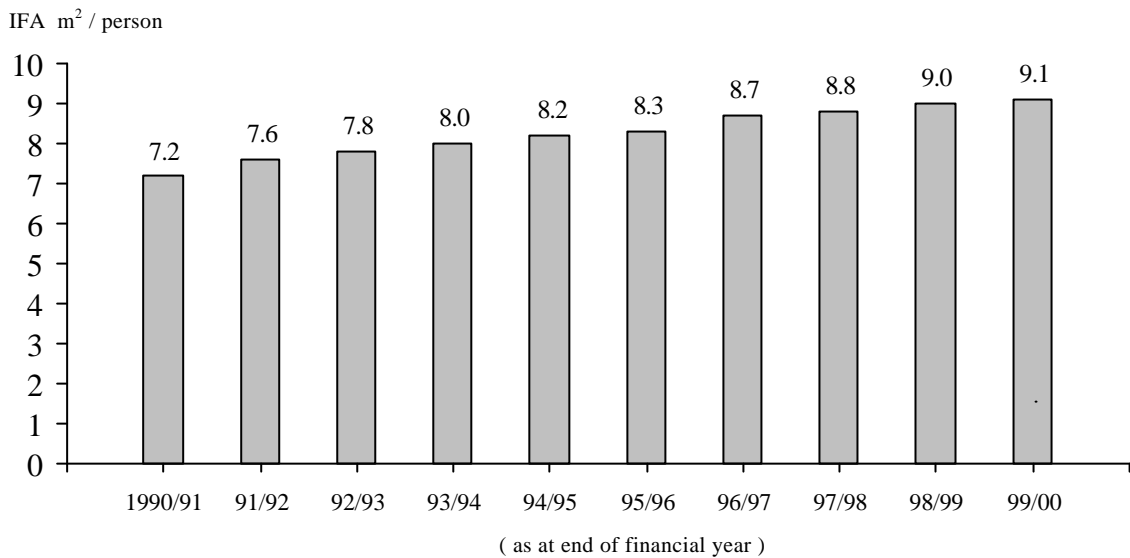
9. The number of PRH households remained quite static in the region of 600 000 households throughout the period. The emphasis on facilitating greater mobility within PRH and providing more affordable rungs on the housing ladder had been gaining momentum.

Graph 6: No. of PRH Households

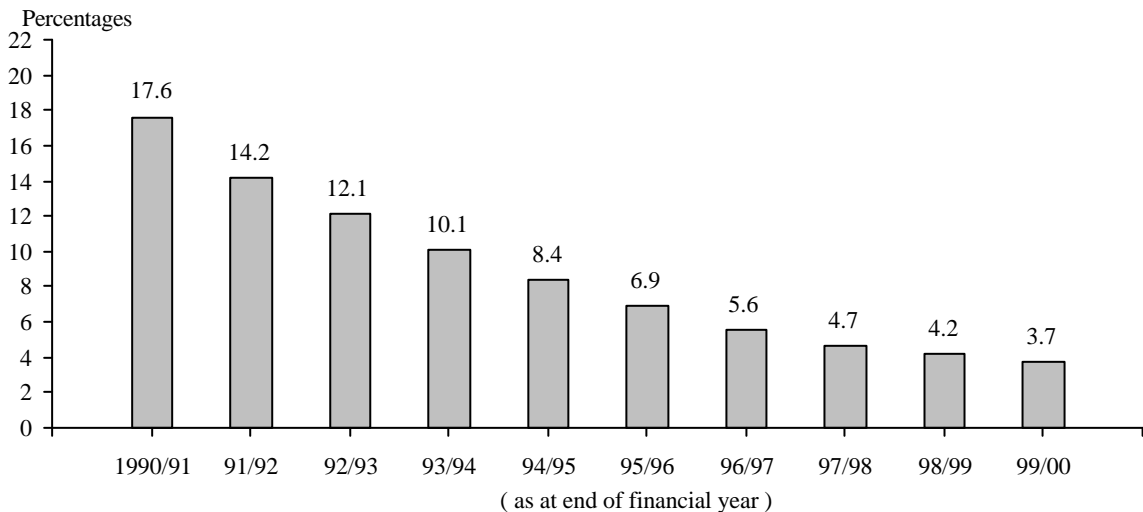


10. With the progress of the CRP and the completion of new PRH, the overall living conditions of PRH households have been improving steadily. The median living space per person increased from 7.2m² Internal Floor Area (IFA) in March 1991 to 9.1m² IFA by March 2000. Overcrowded families ^{Note 2} had been reduced remarkably, from 17.6% of all households in March 1991 to only 3.7% in March 2000.

Graph 7 : Median Living Space per Person of PRH Households



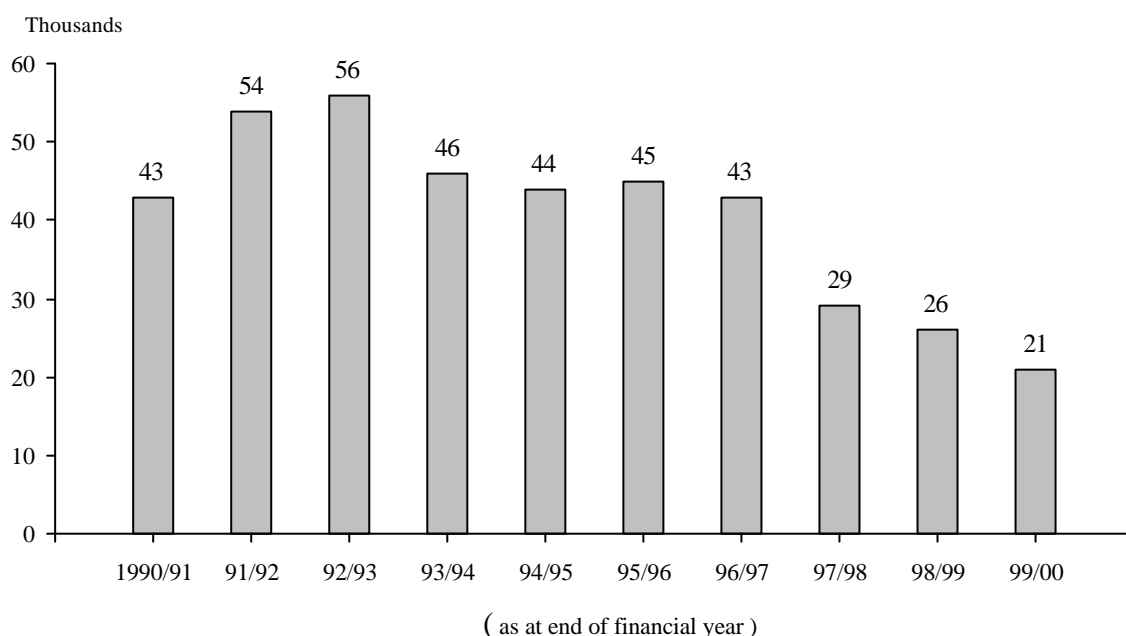
Graph 8 : Proportion of Overcrowded Households in PRH



^{Note 2} Overcrowded PRH households refer to those of living space below 5.5 m² IFA per person.

11. On the other hand, the emphasis on rational allocation of housing resources under the Housing Subsidy Policy ^{Note 3} and Policy on Safeguarding Rational Allocation of Housing Resources ^{Note 4}, together with the provision of a wider choice of home ownership options, had jointly reduced the number of additional rent payers in PRH. The increased mobility amongst well-off households helped to release more PRH units to other families in greater need.

Graph 9 : No. of Additional Rent Payers in PRH



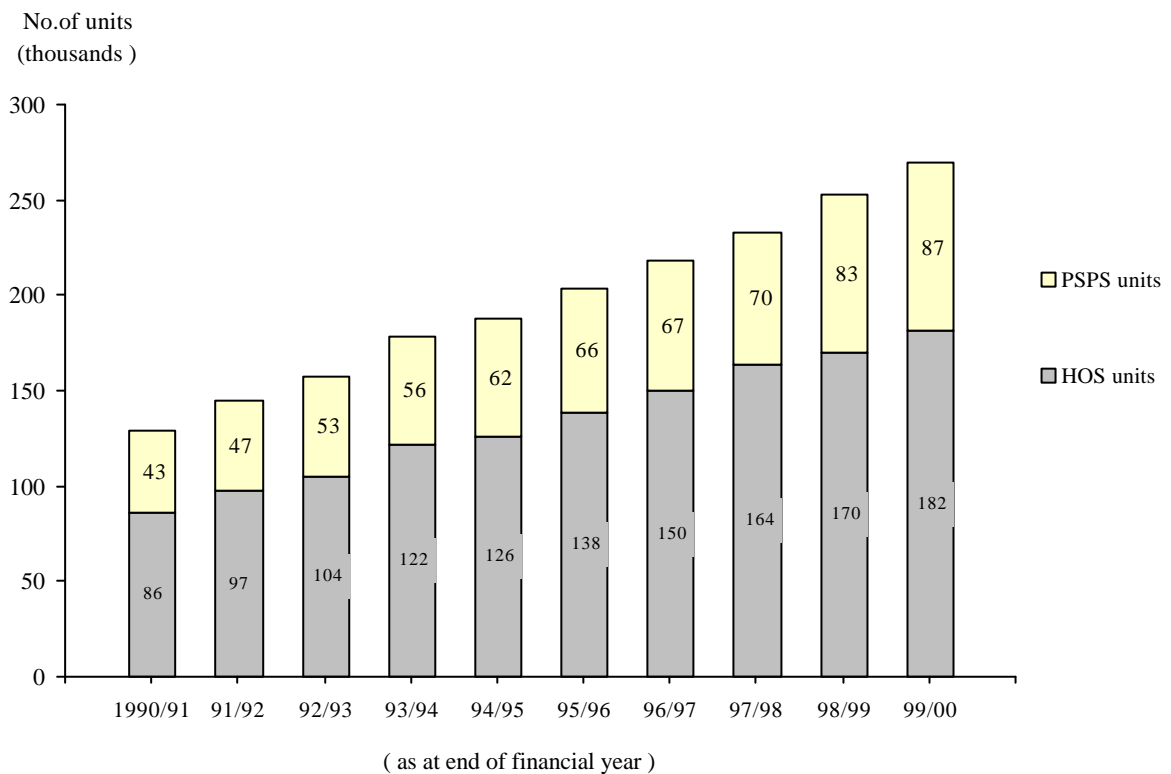
^{Note 3} The Housing Subsidy Policy, implemented since April 1987, is to ensure that housing subsidy is granted to those in genuine need. Under the policy, tenants living in PRH for 10 years or more are required to declare household income biennially. Households whose income exceed the prescribed limits are required to pay additional rent.

^{Note 4} The Policy on Safeguarding Rational Allocation of Public Housing Resources has been implemented since June 1996. Under the Policy, PRH tenants with income and net assets above the prescribed ceilings will be required to pay market rent and vacate their PRH flats within one year.

Facilitating Wider Home Ownership

12. In meeting the rising aspiration for home ownership in the community, we had provided more home ownership opportunities in the 1990s. The housing stock under Home Ownership Scheme (HOS) and Private Sector Participation Scheme (PSPS) doubled, from 129 000 units in March 1991 to 269 000 units in March 2000.

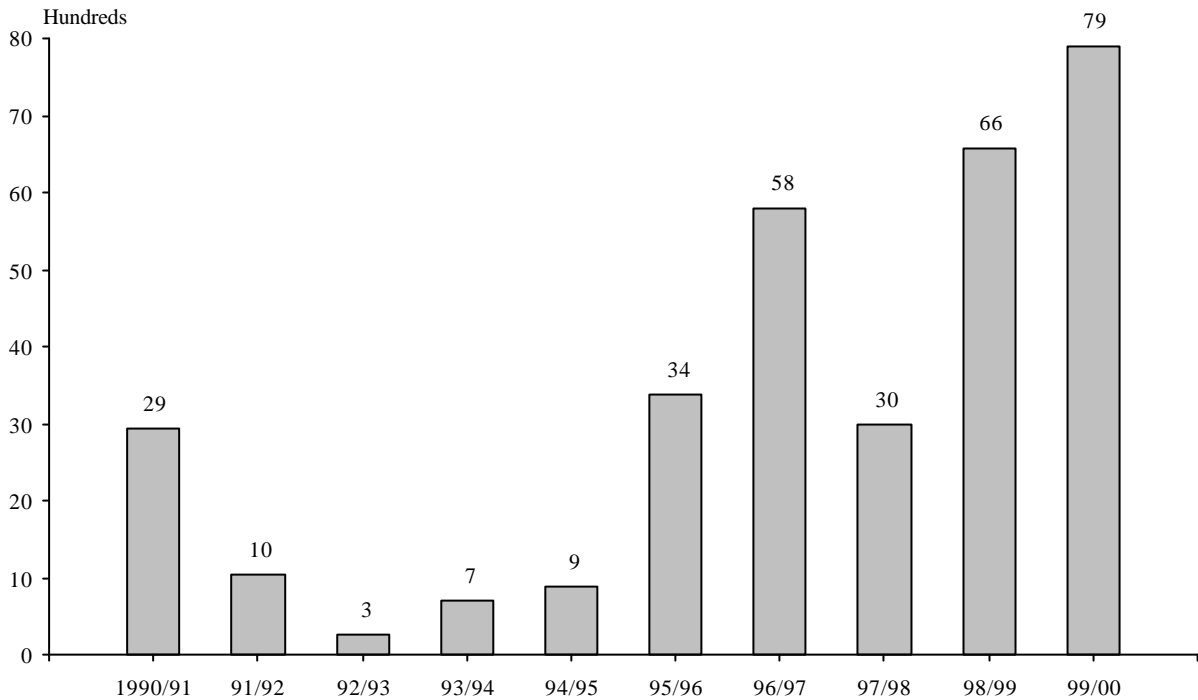
Graph 10 : HOS/PSPS Stock



13. In addition to providing HOS/PSPS units, the HA had widened the choice of eligible households by providing more affordable and diversified home ownership schemes. These included -

- (a) ***Home Purchase Loan Scheme (HPLS)*** : With the introduction of enhanced terms and its application in the HOS Secondary Market, there had been an upsurge in the usage of HPLS. In this ten-year period, we granted altogether 32 500 loans and mortgage subsidies under the HPLS.

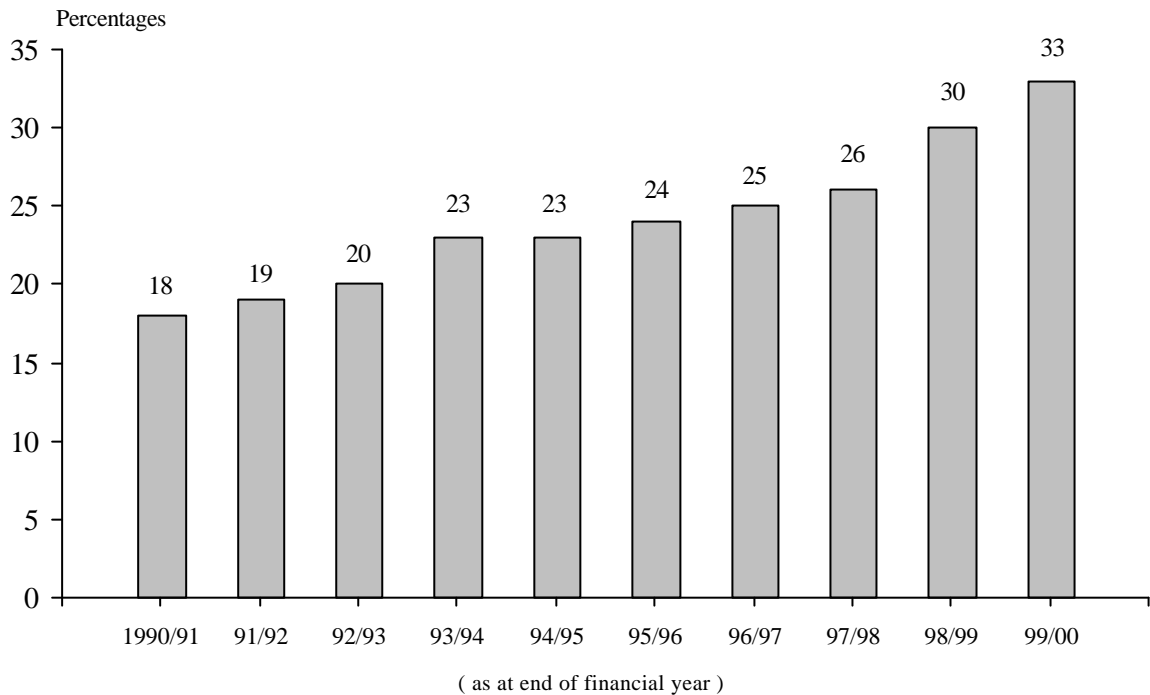
Graph 11 : Loans/Subsidies Granted under HPLS



- (b) ***Tenants Purchase Scheme (TPS)*** : The TPS has been introduced in early 1998 to enable sitting tenants to purchase back their units at affordable prices. We aim to offer some 25 000 home ownership opportunities under this scheme annually. So far, we offered 54 100 PRH units for sale in the first two phases and 33 800 units were sold up to March 2000.
- (c) ***Mortgage Subsidy Scheme (MSS)/Buy-or-Rent Option (BRO)*** : The MSS and BRO were introduced in 1998 and 1999 respectively to assist PRH households affected by the CRP and prospective tenants to become home owners with the provision of mortgage subsidies. Over 3 500 households had become home owners under these two schemes up to March 2000.

14. With a more diversified home ownership strategy, the home ownership rate in the public sector rose steadily, from 18% in March 1991 to 33% in March 2000.

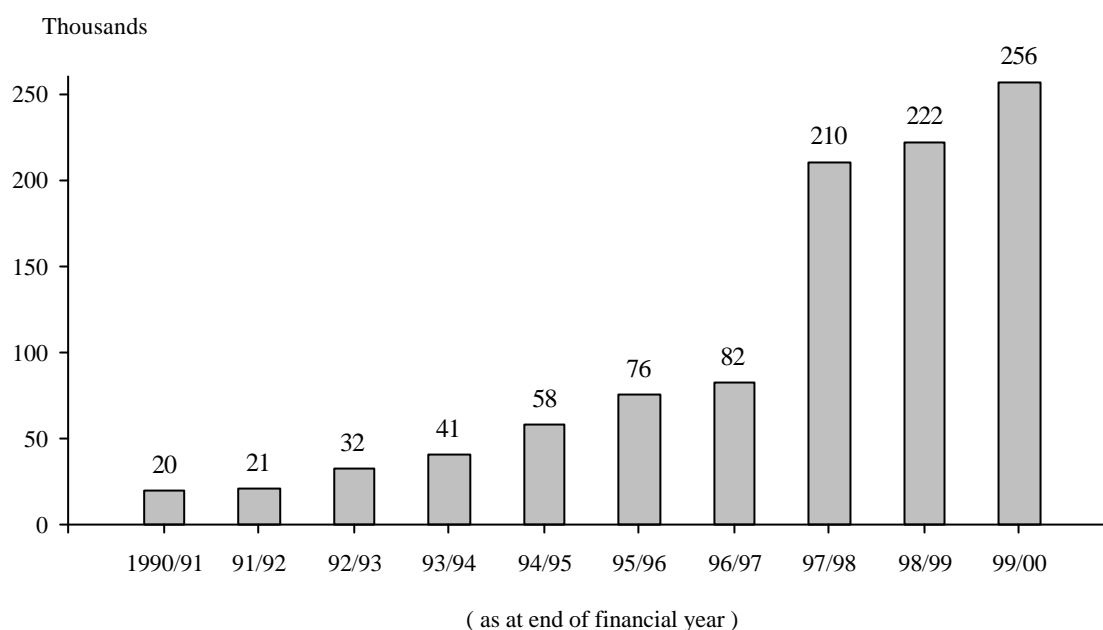
Graph 12 : Home Ownership Rate in Public Sector



15. Besides, the size of tradable stock built by the HA ^{Note 5} increased remarkably, from 20 000 units in March 1991 to 256 000 units in March 2000.

^{Note 5} Tradable stock built by the HA comprises HOS/PSPS units that can be sold in the secondary market or open market subject to the prevailing resale restrictions.

Graph 13 : Tradable Stock Built by the HA



POLICY INSIGHTS

16. From the above statistics, it is clear that the HA has been assuming a leading role in meeting the housing demand in the territory. Looking ahead, there will still be a great number of tasks for us to achieve. The HA should continue to focus its assistance to those in need and to facilitate wider home ownership amongst eligible families cost-effectively.

17. From the experiences gained in the 1990s, our future success will count greatly on a number of policy inputs which include the following -

- (a) Securing a steady and sufficient land supply from the Government to meet the forecast housing demand. The establishment of the Steering Committee on Land Supply for Housing (HOUSCOM) under the Financial Secretary has provided a positive back-up to the HA. It is crucial for us to deliver various pledges on housing as well as to secure quality deliverables from the construction industry.

- (b) Reinforcing our assistance to those in need by facilitating greater mobility amongst PRH households and stepping up measures on rational allocation of PRH resources. We are heading for reducing average waiting time for PRH to 3 years by 2003.
- (c) Facilitating wider home ownership through the provision of a series of well-structured and affordable home ownership schemes, targeting at the needs of different clienteles.
- (d) Tapping more private sector resources in meeting housing demand. In line with our established policy direction to increase the provision of HPLS loans to prospective home owners, we will explore the feasibility of providing rental subsidies to eligible elderly households on the WL.

DISCUSSION

18. At the HA meeting to be held on 16 November 2000, Members will be invited to note the contributions of the HA in the 1990s as outlined in paragraphs 4 to 15 above.

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