



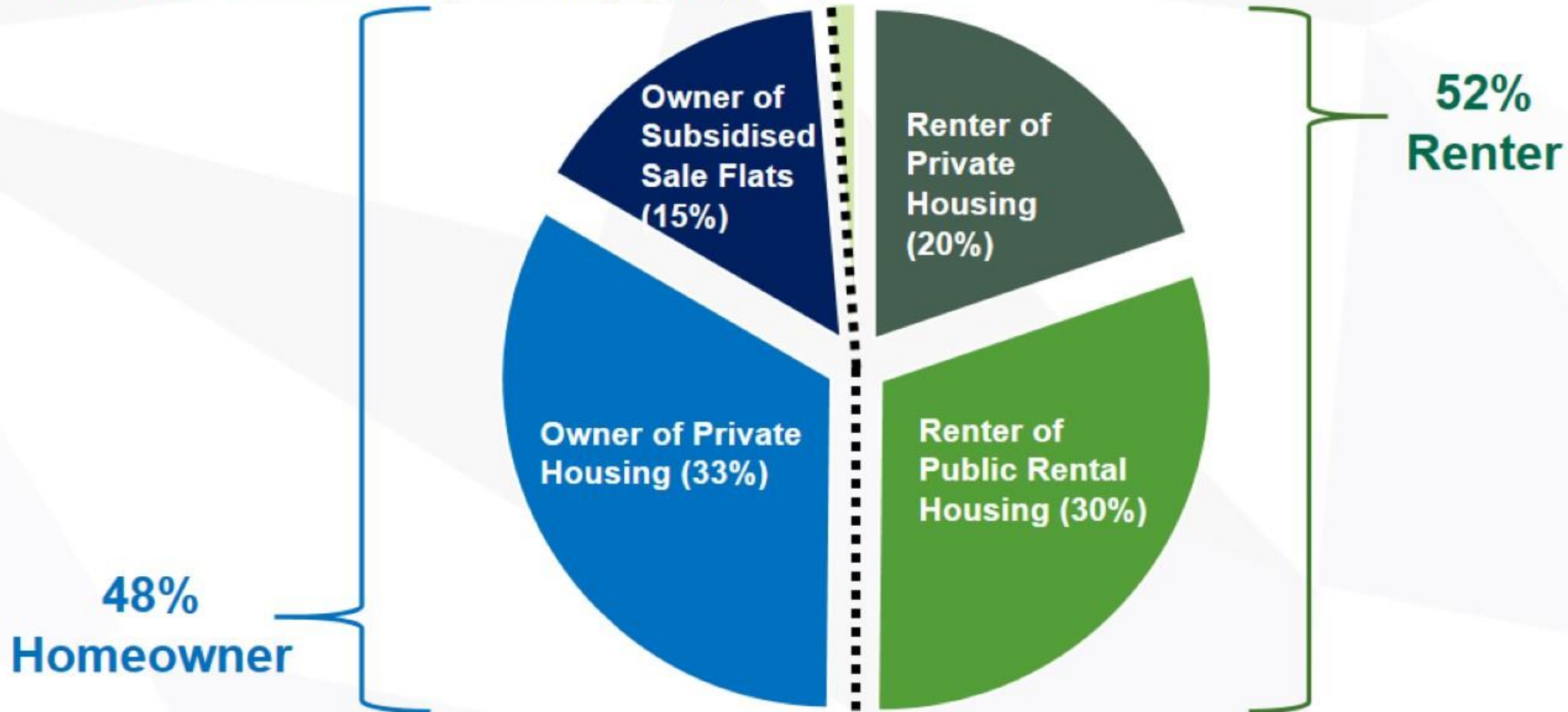
# Vision of Universal Affordable Housing in Hong Kong

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# Half of Hong Kong's Population are Homeowners, While the Other Half are Renters

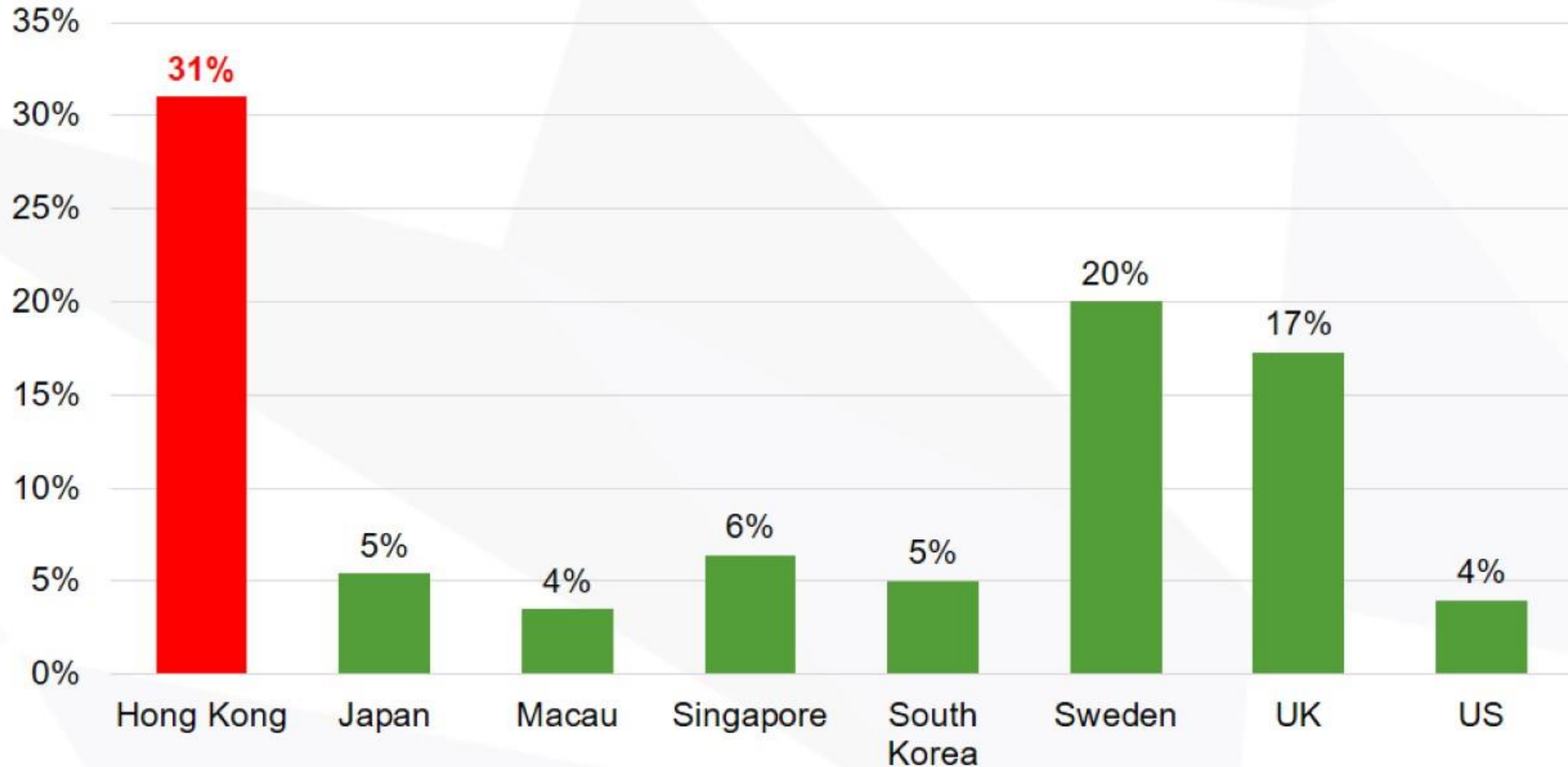
Domestic household by housing type (2018)



Total number of domestic household in  
Hong Kong: 2,571,000

# We Have Pretty Much the Largest Public Rental Housing Sector in the World

## Share of Public Rental Housing in Total Households



Sources: Official statistics departments of various economies.



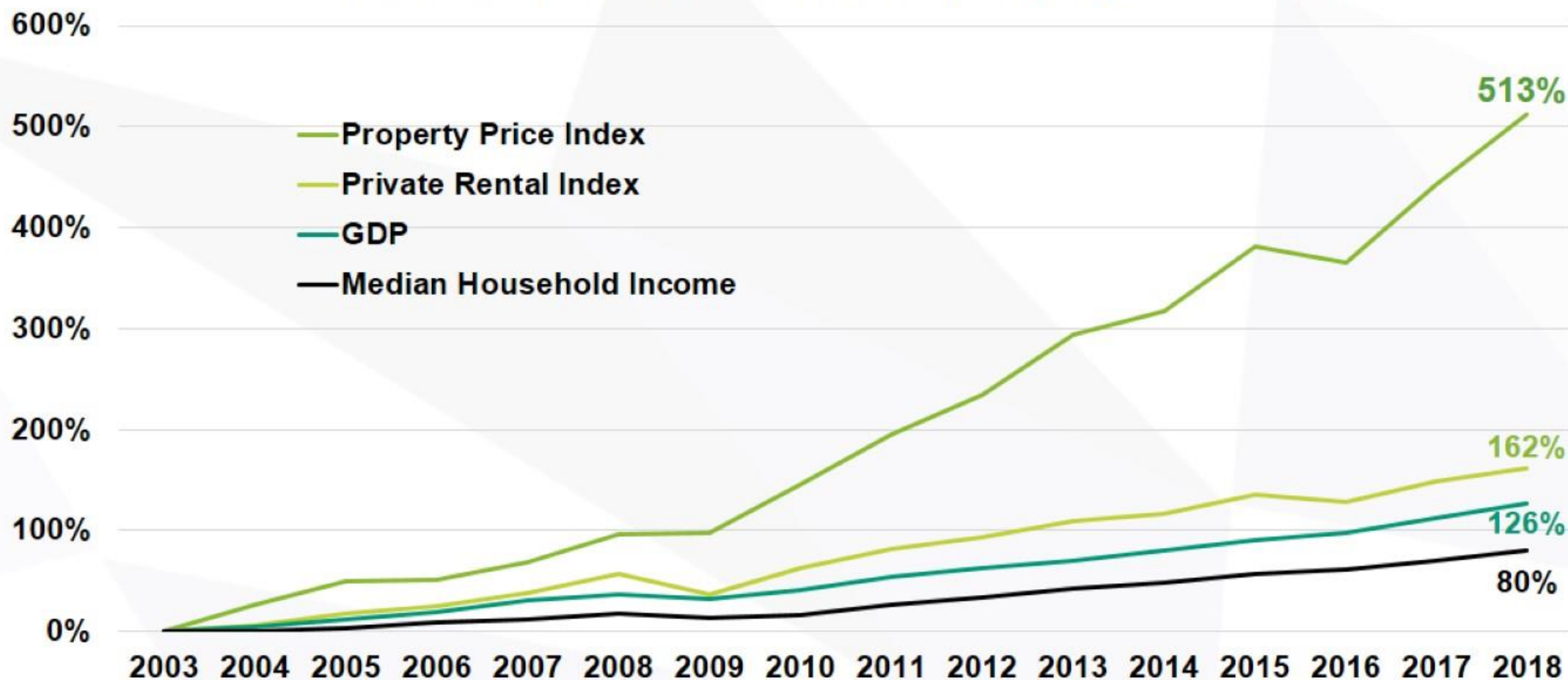
# The Ideal Housing Ladder





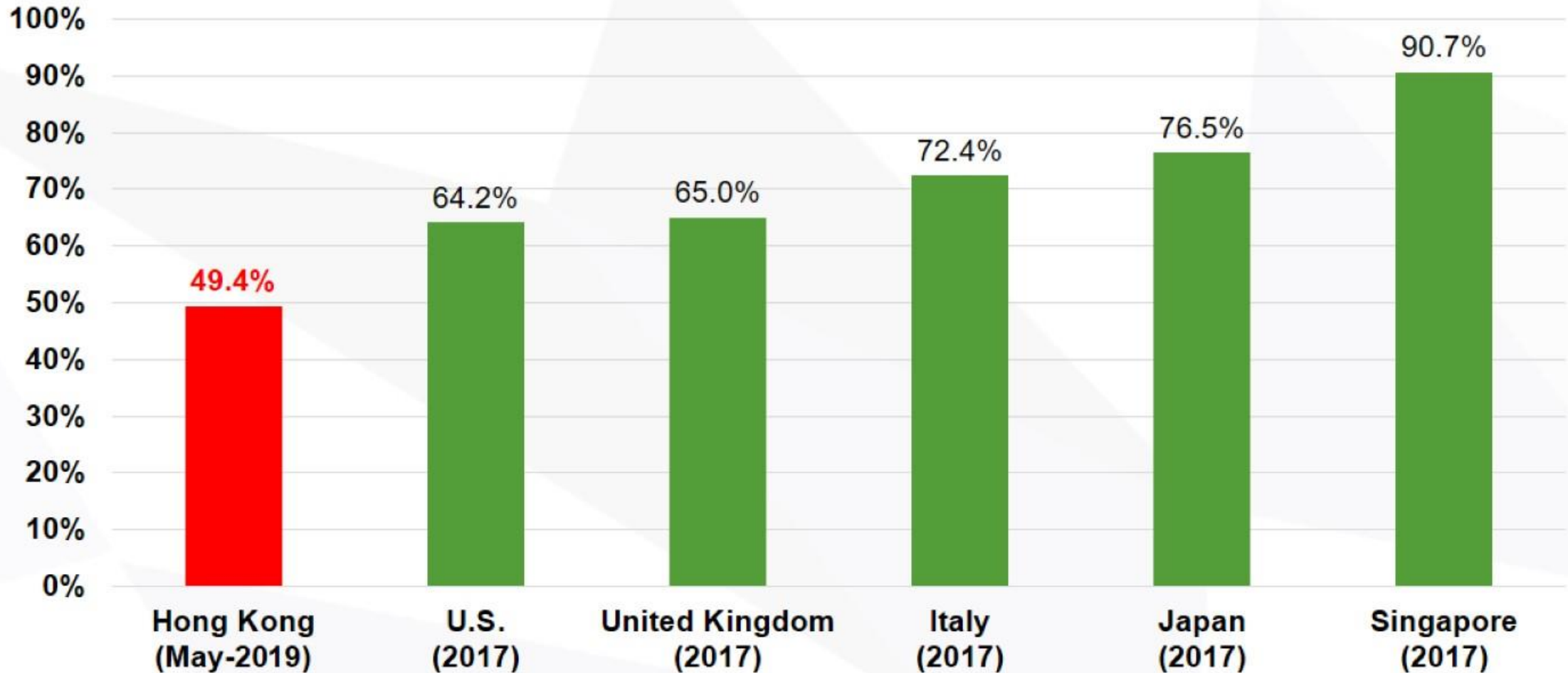
# Growth in Property Prices Outran Growth in Income

## Growth of Median Household Income, GDP, Property Price and Rent



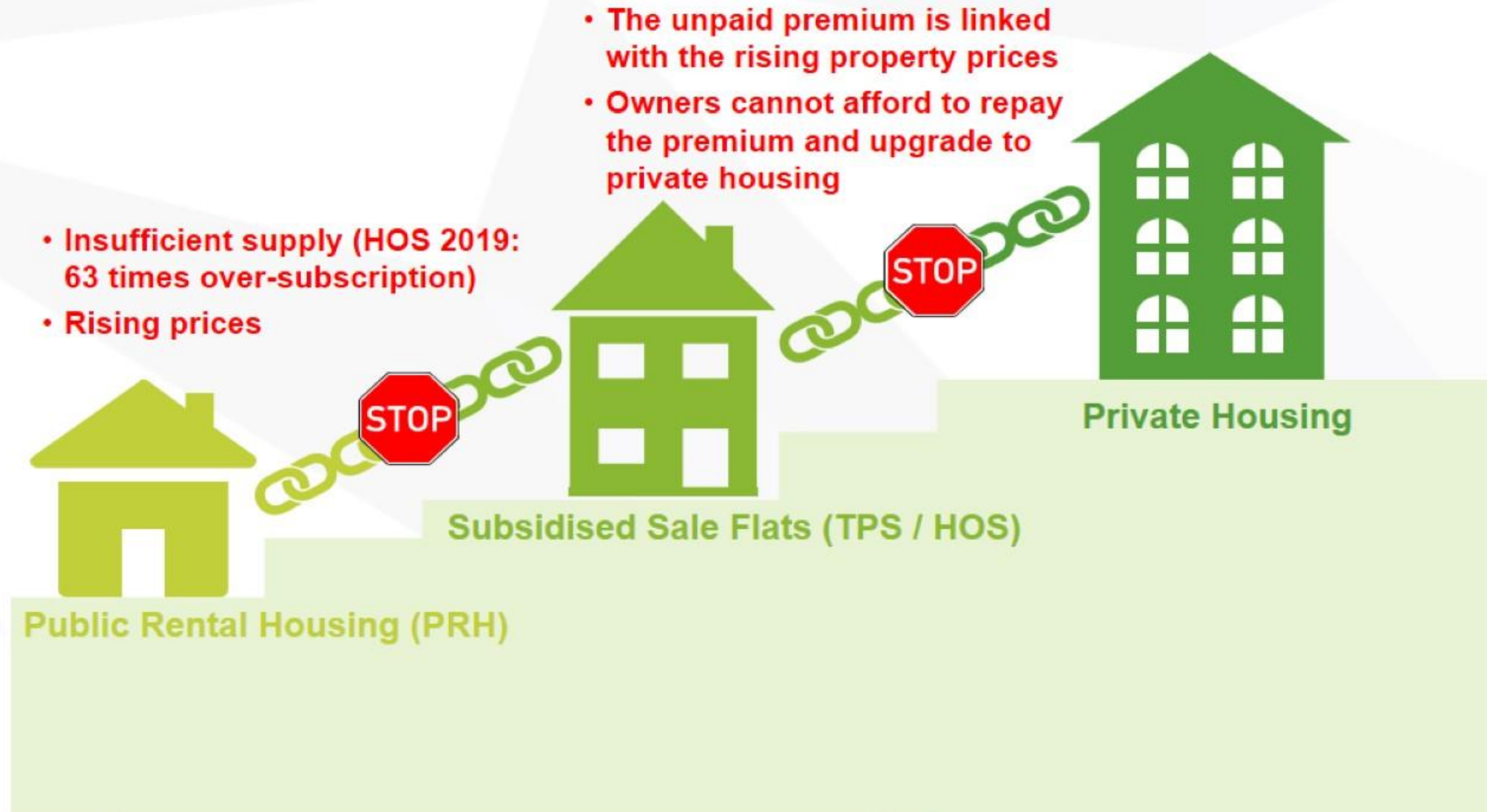
# Hong Kong's Homeownership Rate Lags Behind Other Major Economies

## Homeownership Rate of Selected Countries / Cities





# The Housing Ladder was Broken







# The Current Premium Mechanism is Like Chasing the Rainbow

## An illustration



2007

### Current policy of premium payment

Market price	\$2mn
Discounted price (30% off)	\$1.4mn
Unpaid premium (30%*\$2mn)	\$0.6mn



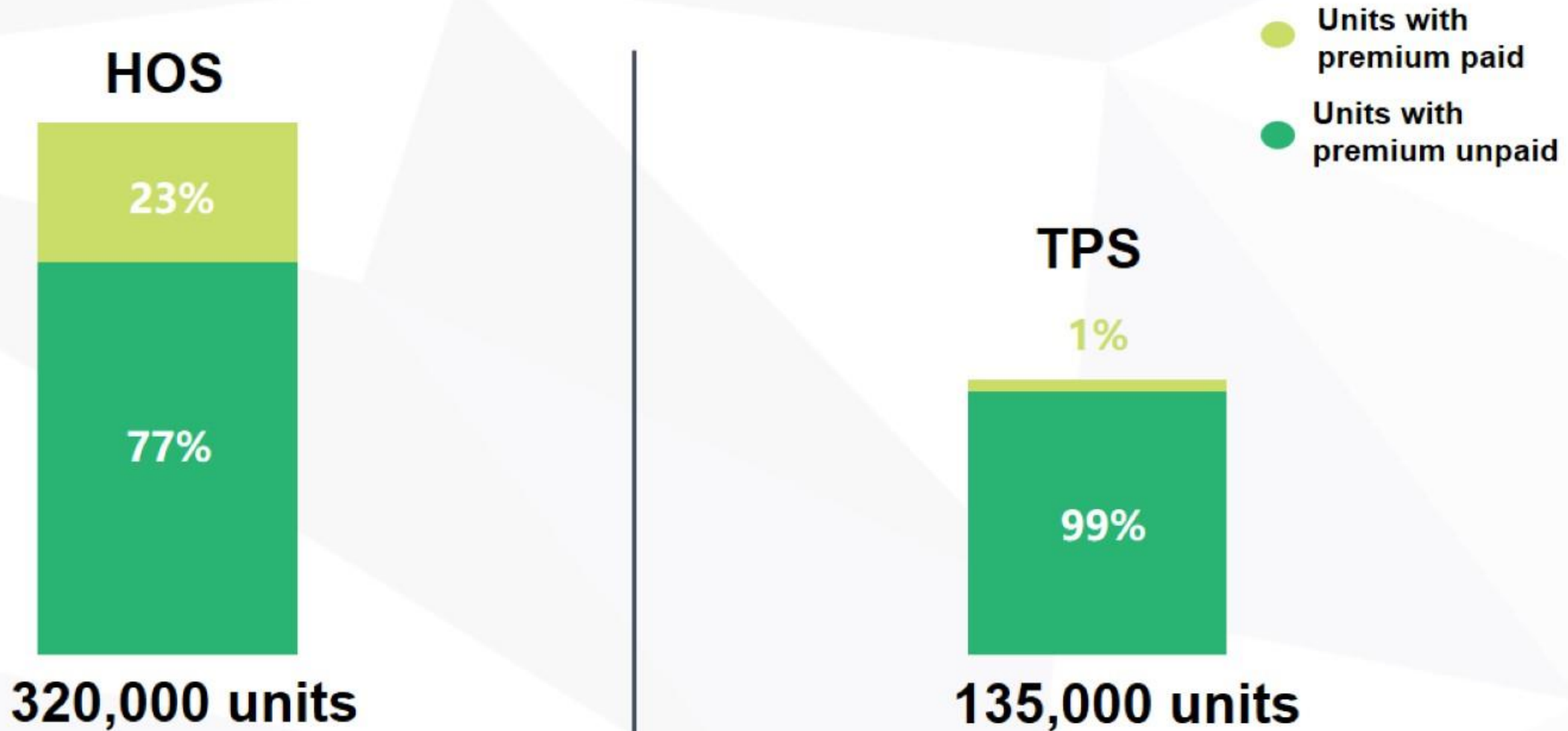
2017

Market price	\$5mn
Unpaid premium (30%*\$5mn)	\$1.5mn





# Most Subsidised Sale Flats Owners Cannot Afford to Repay Premium



# Restrictions Brought by the Current Public Housing System



## Public housing

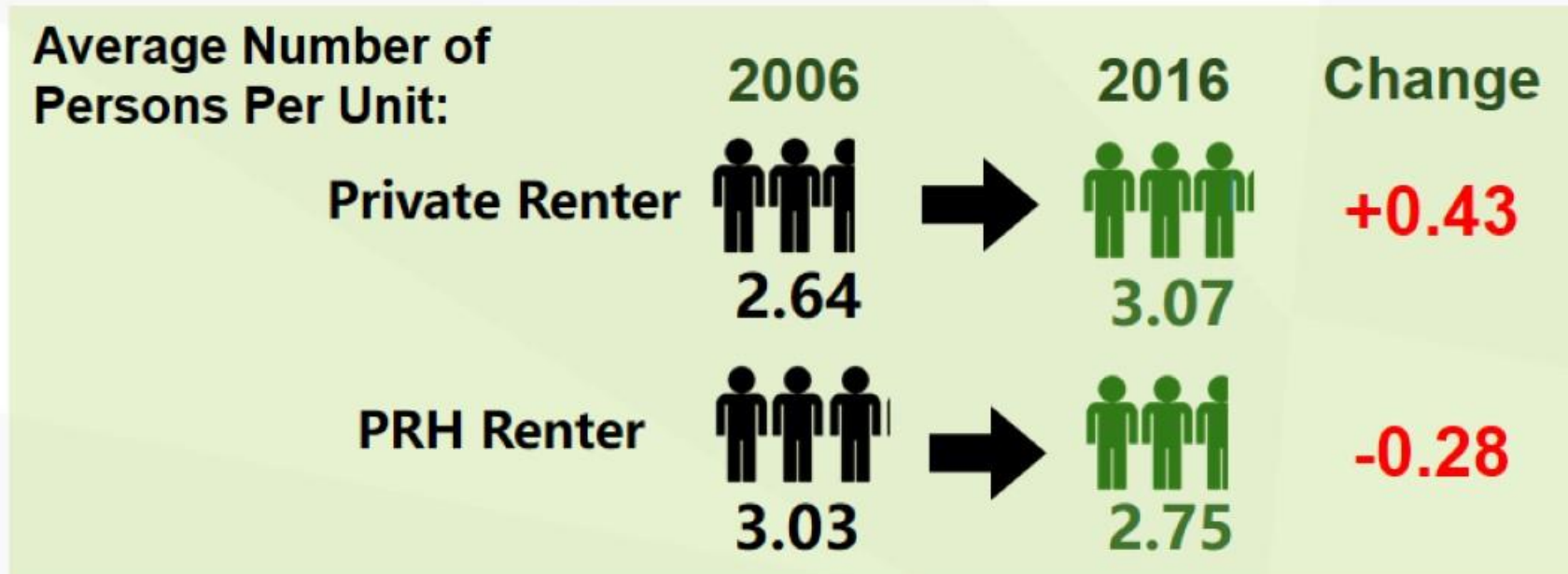




# As Much as HKD3.9 Trillion of Land Values were Locked-up

	Number of Units ('000)	<b>A:</b> Estimated total value of housing units at TPS and HOS " <u>Secondary Market</u> " prices (\$bn)	<b>B:</b> Estimated total value of housing units at <u>open market</u> prices (\$bn)	<b>B – A:</b> Estimated increase in value of housing capital (\$bn)
PRH units	759	0	2,954	2,954
TPS units	130	203	507	303
HOS units	251	912	1,553	641
<b>Total public housing units</b>	<b>1,140</b>	<b>1,115</b>	<b>5,013</b>	<b>3,899</b>
<b>Total estimated value as percent of GDP (2016)</b>		<b>44.8%</b>	<b>201.3%</b>	<b>156.5%</b>

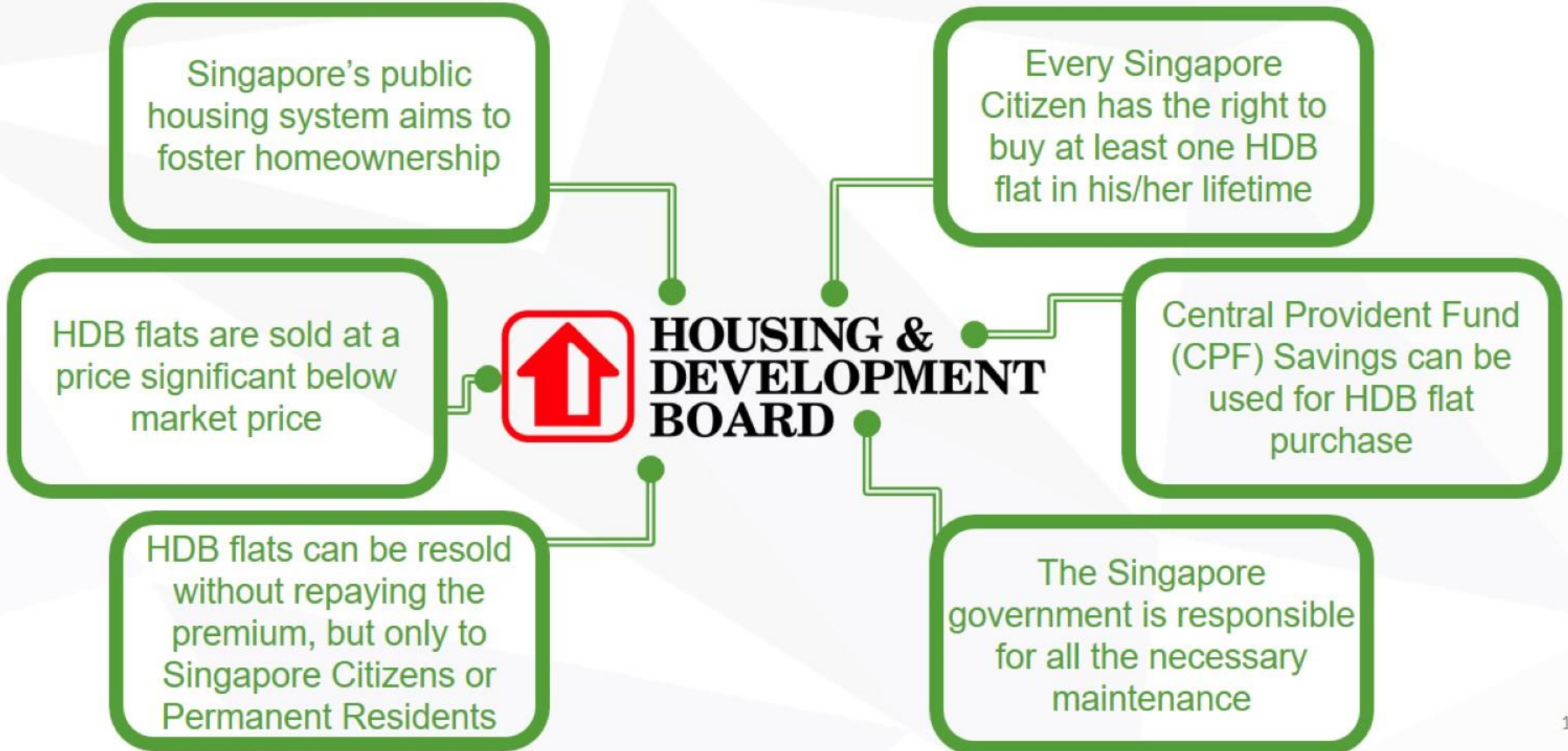
# Completion of More PRH have not been Housing More People







# Let's Look at Singapore's Public Housing System





# Hong Kong's HOS vs Singapore's HDB



**Eligibility  
to Buy**



**Resale  
Restriction**



**Leasing  
Restriction**



**Flexibility to sell  
and buy back  
another flat**

## Hong Kong



**HK Permanent Residents, with  
monthly income limit, without  
property ownership**

**Need to repay the premium** before  
reselling in the open market, or else  
can only resell to eligible families in  
the HOS Secondary Market

**Need to repay the premium** before  
leasing out in the open market

**Cannot buy back another HOS**  
after selling the existing unit

## Singapore



**Singapore Citizens, with  
monthly income limit, without  
property ownership**

Can resell to ALL Singapore  
Citizens or Permanent Residents  
in the HDB Resale Market **without  
repaying the premium**

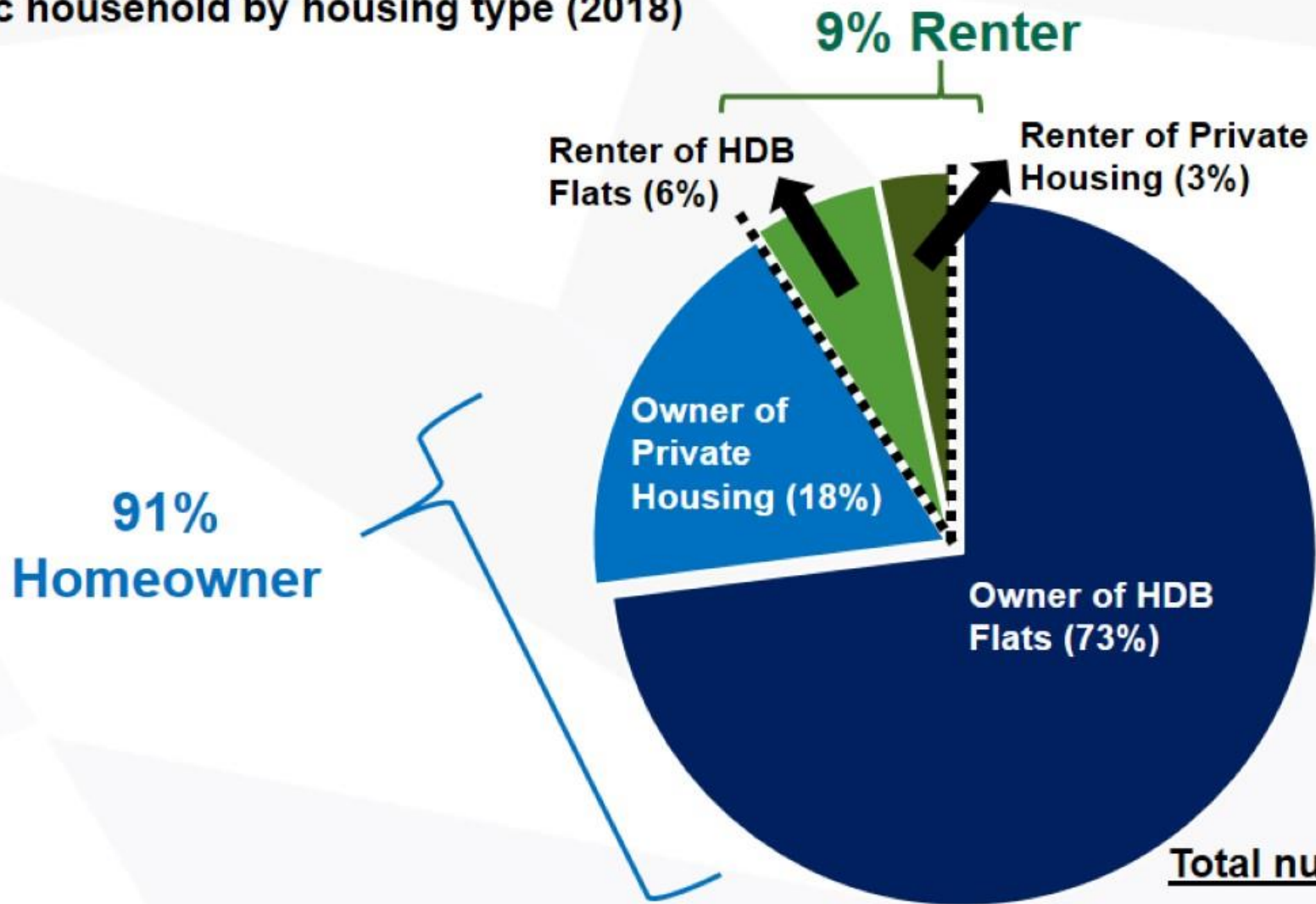
Can lease out to ALL Singapore  
Citizens or Permanent Residents  
**without repaying the premium**

**Can buy back another HDB** after  
selling the existing unit



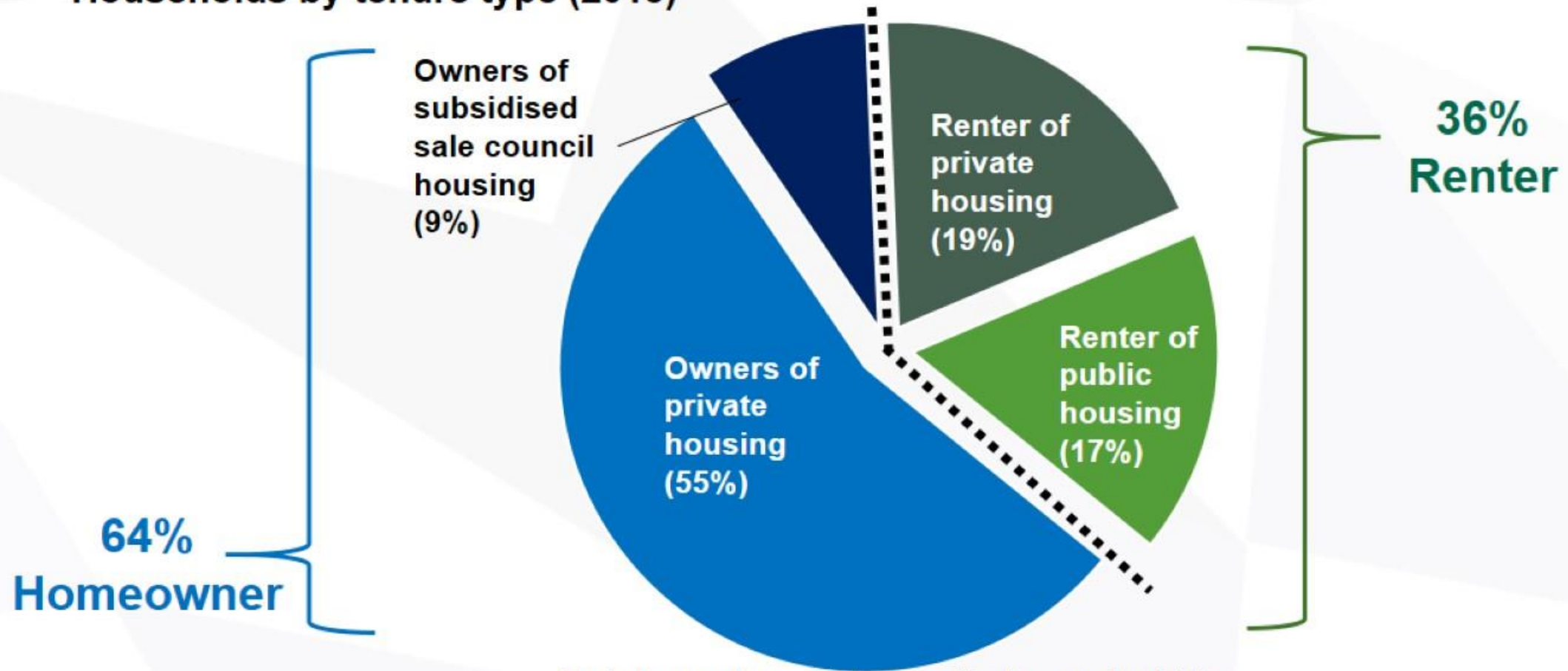
# Over 90% of Singapore's population are homeowners, 80% of which are owners of HDB

Domestic household by housing type (2018)



# More than half of UK population are homeowners in private housing market

Households by tenure type (2018)



Total number of domestic household in UK: 23.3 million





## Many of the public rental housing in the UK have been privatised in the 1980s



### Right to Buy

Tenants have the right to purchase the council house they are living in at average discount of 36%

### Acceptance in UK:

*1.9 million council houses (39% of total) sold since 1980*



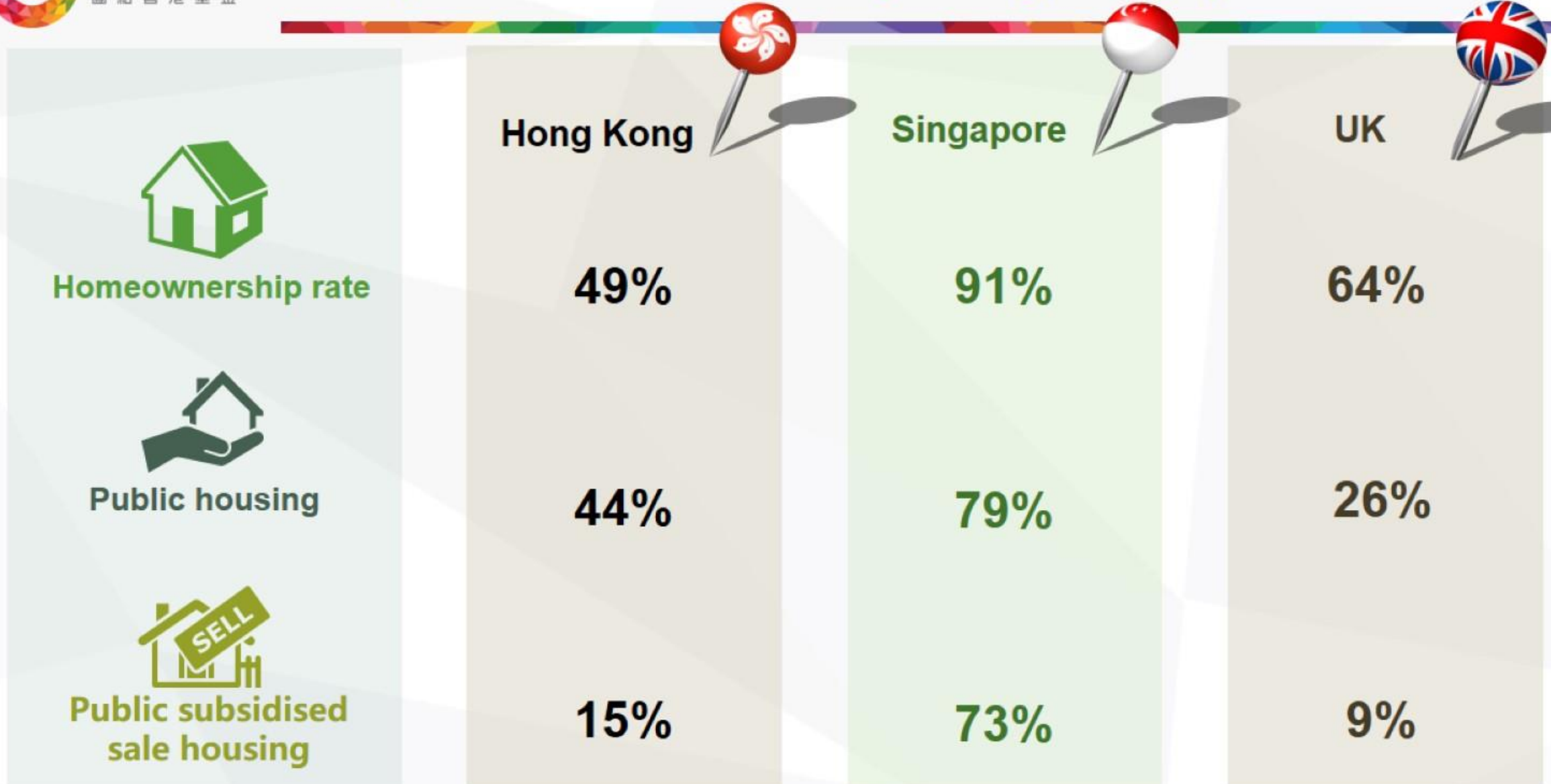
- **Narrow wealth gap**  
Enable low-income household to afford property, which is the main source of financial security
- **Well received by the community**  
Society prefers owner-occupation as the best form of housing tenure.



- **Supply of affordable housing**  
New homes built each year cannot keep pace with the amount sold
- **Open to abuse by private developers**  
Tenants are lured to buy homes and re-sell the properties for cash incentives



## Comparison among Hong Kong, Singapore and UK







# Vision of Universal Affordable Housing in Hong Kong

## Public Housing Market

## Private Housing Market




**Universal Affordable Housing in Hong Kong**

**To put homeownership within reach of every citizen in Hong Kong**






# Vision of Universal Affordable Housing in Hong Kong

**Adopted in the Policy Address**

## Public Housing Market

## Private Housing Market

PRH Tenants

- 1. Re-launching TPS 2.0
  - 2. Optimising the PRH transfer mechanism
- Accelerating the sale of 42,000 unsold units in existing TPS estates**

Households on the PRH Waiting List / Currently living in Sub-divided Units

- 3. Providing a Buy-or-Rent option for new PRH units
  - 4. Providing rent subsidies
  - 5. Reapportionment of more land for PRH
- Providing cash allowances to low-income households**

Owners of SSF with premium unpaid

- 6. Fixing the premium
- 7. Relaxing rental and sales restrictions

White Form Households

- 8. Fully opening up the White Form Secondary Market
  - 9. Refining the balloting mechanism for new Home Ownership Scheme
- Raising the WSM quota**

Young First-time Home Buyers

- 10. Providing interest-free loans to first-time buyers
- Relaxing the mortgage for first-time home buyers**

Private Housing Owners

**Universal Affordable Housing in Hong Kong** **To put homeownership within reach of every citizen in Hong Kong**



## A Comprehensive Set of Policies is Needed



Relaxing the mortgage for first-time buyers

→ Generate additional demand for private housing



Fully relaunch Tenants Purchase Scheme (TPS 2.0)

→ Allow PRH tenants to purchase their own units at affordable prices



Fix the unpaid premium of TPS / HOS and delink from market price

→ Encourage owners of TPS / HOS to repay the premium and resell their units in the open market, thus increasing supply



Fully open up the White Form Secondary Market (WSM)

→ Allow more White Form families to buy TPS / HOS with premium unpaid in the Secondary Market, thus diverting demand away from private housing





# Vision of Universal Affordable Housing in Hong Kong

## Public Housing Market

## Private Housing Market




**Universal Affordable Housing in Hong Kong**

**To put homeownership within reach of every citizen in Hong Kong**






# What is the Tenant Purchase Scheme (“TPS 1.0”)?

## What is TPS 1.0?

- TPS sells PRH units to sitting tenants at roughly **25% of market value**
- 50% unpaid premium still remaining



## How many TPS units have been sold?

- As at March 2019, a total of 141,522 PRH units, **around 77% of the units** available have been sold to sitting tenants.



## Why was it introduced in 1998 and then aborted in 2005?

- Introduced to **boost homeownership rate to 70%**, reducing inequality, helping foster social stability and upward mobility
- Incorrectly blamed for depressing housing prices in the recession after the Asian Financial Crisis



## What were the limitations of TPS 1.0?

- **The 50% unpaid premium:** too high and unaffordable for markets to be active:
- **only 1%** of TPS owners have repaid the unpaid premium and transfer units
- Circulation of TPS units are limited






## Two Enhancement Measures of TPS 2.0











## Five Potential Benefits of Re-launching TPS 2.0

1  **Narrow the wealth gap** and alleviate inequality

2  Ensure low-income families have the chance to **own properties**

3  **Unlock the land values** of existing public housing units

4  Make more **efficient utilisation of public housing resources** and accommodate more residents

5  **Create significant social benefits:** Positive impacts on labour market and family stability

# Administrative Issues of TPS 1.0 are not Unsolvable

- There are past cases of **confusion over boundaries** of TPS estates for GIC facilities, mainly between Owner's Corporations (OC) and outside organisations on the **management of community facilities**
- Areas connecting public areas and the estate are also **included in the estate boundaries** e.g. **slopes**, but TPS owners are required to **shoulder the financial burden of maintenance works** needed
- Past experience has reflected problems in maintenance and renovation works in TPS estates, but the **maintenance fund** of HK\$14,000 per flat is likely to be **insufficient**
- Mixed tenure nature of TPS estates** have proven to be problematic in terms of estate management, so **conflicts may arise** between owners and tenants in the same estate



When there is a will,  
there is a way!







Thank you!



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