

Box 4.1**The Long Term Housing Strategy**

Recognising that housing is the most critical of all livelihood issues in Hong Kong, the Government is determined to address the housing problems with the help of a new Long Term Housing Strategy (LTHS). In September 2012, the Government appointed the LTHS Steering Committee to advise the Government on the formulation of a new LTHS. The Steering Committee subsequently consulted the public for three months from September to December 2013. Based on the recommendations made by the Steering Committee and the public views collected, the Government promulgated the new LTHS in December 2014, as summarised below.

(I) Vision and principles

The vision of the LTHS is to help all households in Hong Kong gain access to adequate and affordable housing. On this premise, it seeks to achieve changes progressively in accordance with the principles of “supply-led” and “flexible” :

- On “supply-led”, as it takes years to prepare land and build housing units on it, the Government would anticipate demand and plan for land supply. The Government would also, based on objective projections of long term demand, systematically plan for public housing construction and make land available for private housing development.
- On “flexible”, learning lessons from the experience of the upheavals in the property market after the 1998 LTHS and the impact of the marked changes in policies subsequently, forward plans and construction programmes should be adjusted regularly, on the basis of regular reviews of the long term demand projections that reflect changes in circumstances.

(II) Strategies

The LTHS sets out the following strategies :

(1) Plan early for land supply for production of both public and private housing, with the assistance of a new housing demand projection model.

- The Government has adopted the methodology recommended by the LTHS Steering Committee to project long term housing demand. The methodology takes into account the projected net increase in the number of households, those who will be displaced by redevelopment, those who are inadequately housed, and other miscellaneous factors to project the number of new housing units required over a period of ten years.

(2) Update the projection of long term housing demand and work out a rolling ten-year housing supply target every year.

- In December 2014, the Government updated the projection of long term housing demand for the 10-year period from 2015-16 to 2024-25. Based on this, the long term housing supply target is now set at 480 000 units, with the public-private split of 60:40. Accordingly, the public housing supply target will be 290 000 units, comprising 200 000 public rental housing (PRH) units and 90 000 subsidised sale flats, whereas the private housing supply target will be 190 000 units.

(3) Provide PRH units to serve as a “safety net” for the grassroots who cannot afford private rental housing.

- Maintain the target of providing first flat offer to general applicants (i.e. family and elderly one-person applicants) at about three years on average.

Box 4.1 (Cont'd)

- Allocate PRH flats in a fair and rational manner while ensuring the rational use of PRH resources.
- (4) Provide Home Ownership Scheme (HOS) flats and other forms of subsidised sale flats to enable the lower to middle-income households to meet their home ownership aspirations.**
 - Introduce supplementary schemes of subsidised sale flats where appropriate.
 - Leverage the private sector's capacity to supplement the Government's efforts in providing subsidised sale flats.
 - Facilitate circulation by allowing more people to have access to subsidised sale flats, either with or without premium paid.
- (5) Maintain the healthy and stable development of the private housing market through securing a stable supply of land and implementation of demand-side management measures as and when necessary.**
 - Adopt a multi-pronged strategy comprising short, medium and long term measures to continually expand land resources through optimal use of developed land and the development of new land and new towns.
 - Enhance efficiency in land and housing supply through streamlining the procedures and enhancing the land administration mechanism.
 - Consider adjusting existing demand-side management measures or putting in place new measures as and when necessary with reference to a series of indicators and changes in the local and global economic situations.

The new LTHS is a major milestone in Hong Kong's housing policy. Going forward, the Government will review the long term housing demand projection and the rolling ten-year housing supply target on an annual basis, and announce the results by the end of each financial year. The Government will also strive to secure the required land, manpower, and financial resources to achieve the projected supply target with the support of the community.