

Box 3.1**Latest Government measures on housing and land supply (October 2024)**

In the 2024 Policy Address, the Chief Executive announced various measures on housing and land supply, as well as some adjustments to the countercyclical macroprudential measures for property mortgage loans, as summarised below.

Increase public housing supply and enhance the housing ladder

- Coupled with Light Public Housing (LPH), the total public housing supply in the coming five years (2025-26 to 2029-30) will reach 189 000 units, which is about 80% higher than that of the first five-year period since the current-term Government took office (2022-23 to 2026-27). On LPH, about 9 500 units will be completed next year, moving towards the target of completing about 30 000 units by 2027-28.
- In the past two years, the average waiting time for Public Rental Housing (PRH) has dropped from the peak of 6.1 years to 5.5 years. Following the gradual completion of LPH next year, the Composite Waiting Time for Subsidised Rental Housing could be further shortened to 4.5 years in 2026-27.
- The Government will continue to adopt a phased completion approach for some PRH units, making them available ahead of the completion date of the whole development and enabling applicants to move in earlier. The Advance Allocation Scheme has helped more than 2 000 families to move into PRH units five to nine months in advance and will provide about 10 000 more PRH units ahead of schedule by 2027-28.
- To address the public aspiration for home ownership, the Hong Kong Housing Authority (HA) will further enhance the housing ladder by gradually adjusting the ratio between PRH (including Green Form Subsidised Home Ownership Scheme units) and subsidised sale flats (SSF) from the current 70:30 to 60:40; allocating an extra ballot number to applicants who failed to purchase a SSF in the last two consecutive sale exercises of the same type of SSF; and adjusting the ratio for quota allocation between Green and White Form applicants from the existing 40:60 to 50:50 to encourage more PRH tenants to buy Home Ownership Scheme (HOS) flats.
- To support young people to purchase SSF, HA will allocate an extra ballot number to young family applicants and one-person applicants aged below 40 with White Form status for the purchase of HOS flats from the next HOS sale exercise onwards; and will increase the White Form Secondary Market Scheme quota by 1 500, all of which will be allocated to young family applicants and one-person applicants aged below 40.

Sustain the orderly supply of land for private housing

- The Government will make land available in the next five years (2025-26 to 2029-30) to provide about 80 000 private housing units.

Box 3.1 (Cont'd)*Adjust the countercyclical macroprudential measures for property mortgages*

- Taking into account the latest market developments, the Hong Kong Monetary Authority considered that there was room to further adjust the countercyclical macroprudential measures, while continuing to maintain banking stability and ensuring the proper risk management of property mortgage loans. After the adjustments, the maximum loan-to-value ratio for all residential and non-residential properties have been standardised at 70% and the debt servicing ratio limit at 50%.

Tackle the issue of subdivided units

- The Government plans to introduce into the Legislative Council (LegCo) in 2025 a piece of new legislation to regulate the renting of subdivided units (SDUs) in residential buildings. Subject to LegCo's passage of the new legislation, pre-existing substandard SDUs must, within a grace period, be converted to Basic Housing Units (BHUs) that meet the required minimum standards to ensure safe and reasonable living environment, while new SDUs entering the market must apply for recognition as up-to-standard BHUs before being rented out. Under this system, the renting of substandard SDUs or SDUs without recognition as BHUs after the grace period would be illegal and subject to enforcement actions, and thus the number of substandard SDUs in residential buildings will gradually go down to zero.

Create developable land

- The Government remains determined to sustain efforts in land production. According to the latest forecast, the supply of developable land will reach about 3 000 hectares in the next decade (2025-26 to 2034-35), including about 1 700 hectares from the Northern Metropolis and about 300 hectares from the Kau Yi Chau Artificial Islands.
- The Government will also resume around 1 000 hectares of private land for government projects in the five years from 2024-25 to 2028-29 and further resume about 300 hectares of land in the ensuing three years.

Expedite urban redevelopment

- The Government is examining the use of newly developed land to drive large-scale urban redevelopment projects, including the cross-district transfer of plot ratios and the construction of more dedicated rehousing estates. The target is to formulate proposals in the first half of next year.
- The Government will continue encouraging redevelopment and conversion of aged industrial buildings. An array of measures under the revitalisation scheme for industrial buildings will be extended to the end of 2027, including allowing an increase in plot ratio of up to 20% for industrial building redevelopment projects.

The Government recognises that housing is an issue of great public concern, and will take forward various measures to enhance the speed, quantity, quality and efficiency of housing supply as appropriate. The Government will also take into account the latest market situation when adjusting the countercyclical macroprudential measures for property mortgage loans and disposing land, ensuring the market's stable and healthy development.