

INFORMATION NOTE FOR THE SELECT COMMITTEE ON BUILDING PROBLEMS OF PUBLIC HOUSING UNITS

Background Information on the Development of Public Housing of the Housing Authority since its Establishment in 1973

1. Introduction

1.1 The purpose of this information note is to provide the Select Committee with background information on the development of public housing of the Housing Authority since its establishment in 1973. The information is extracted from the Hong Kong Annual Reports published between 1973 and 2000.

Background Information on the Development of Public Housing of the Housing Authority since its Establishment in 1973

Year	Details
1973	<ul style="list-style-type: none"> • A new Housing Authority (HA) was formed under the Housing Ordinance 1973.
1976	The Government announced its intention to promote home ownership in the lower-middle income groups by building 30 000 public flats for sale.
1977	<ul style="list-style-type: none"> • A working party, which was chaired by the Financial Secretary, reported that sites had been earmarked for some 42 000 flats under the Home Ownership Scheme (HOS) to be built in phases up to 1986. • The HA was invited by the Government to plan, build and manage flats provided under the HOS. Legal powers to carry out these functions were provided by the Housing (Amendment) Ordinance 1978. • The HA nominated purchasers for flats built under the Private Sector Participation Scheme (PSPS).
1978	<ul style="list-style-type: none"> • Private developers were invited to construct some 3 100 HOS flats under the PSPS. The basic specifications and unit prices for the flats were stipulated by the Government and developers tendered for the land reserved for the project. • Processing and screening of applicants for the PSPS were carried out by the Housing Department (HD) in the same way as for the HOS.

Year	Details
1979	<ul style="list-style-type: none"> The Government reviewed the housing policy.
1981	<ul style="list-style-type: none"> The Governor appointed a working party, which was chaired by the Secretary for Housing, to review the HOS and the PSPS, and to make recommendations to improve these schemes. The Governor-in-Council approved the recommendations which were applicable to all future phases of the schemes, with prices below market levels and within the means of the low-middle income families.
1984	<ul style="list-style-type: none"> A consultative document, covering the HA's policies on the re-housing of squatters, rental housing for small households, well-off tenants in public housing, measures to promote home ownership, additions of married children and their families to tenancies and inheritance of public rental flats, was published. A public attitude survey on housing matters was conducted. Several major changes of policy were adopted. These included: <ol style="list-style-type: none"> allowing single persons to apply for specially-designed units in rental housing, with priority given to those living in temporary housing areas; allowing two-person families to apply for both rental and HOS flats; and providing additional non-financial incentives aimed at encouraging HA tenants to apply for HOS flats.
1985	<ul style="list-style-type: none"> A Green Paper was published to seek the views of the public on reducing housing subsidies to long-term public housing tenants who had improved their financial situation. A public opinion survey on the subject was conducted by an independent private research company.
1987	<ul style="list-style-type: none"> The Government adopted the Long Term Housing Strategy (LTHS), which aimed to make the provision of housing more demand-led. The Home Purchase Loan Scheme (HPLS) was introduced.
1988	<ul style="list-style-type: none"> The HA was re-organized to cope with the implementation of the LTHS. Under the LTHS, it was estimated that 1 085 000 new flats would be built throughout the territory between 1985 and 2001 and that about 56% of these flats (607 600) would be built under the HA's programmes.
1990	<ul style="list-style-type: none"> The Government's LTHS would be extended by 10 more years into 2011 to ensure that continuing demand for homes would be met following the completion of the existing programme.
1991	<ul style="list-style-type: none"> The HA completed a review of the domestic rent policy and allocation standards, and formulated a new strategy to increase the supply of flats for small households. With the decrease in workload in the private sector and the easing of labour shortage, tender prices were very competitive.

Year	Details
1994	<ul style="list-style-type: none"> • A task force on Land Supply and Property Prices, chaired by the Secretary for Planning, Environment and Lands, was set up to look into the surge in private residential property prices beyond the reach of average households. • The task force issued a report and measures were announced to increase housing supply and to dampen speculation. • The Housing Branch was set up and was responsible for setting policy on the provision of housing in both the public and private sectors. It oversaw the public housing programmes, facilitated and monitored the operation of the private housing market, and ensured the provision of sufficient land and infrastructure to meet housing targets. • The Secretary for Housing, with the overall responsibility for private and public housing matters in Hong Kong, was appointed. • Following the task force's recommendation that planning and development processes should be improved and a project monitoring system should be set up to enhance the Administration's responsiveness to changes in the property market, a high level inter-departmental housing project action team, led by the Secretary for Housing, was established to expedite the processing of housing development projects. • The Government's philosophy on housing development was to provide sufficient land, supporting infrastructure and a financial environment which induced private sector investment in property development. • It was also the Government's policy to promote home ownership in Hong Kong. The declared objective was to achieve an overall home ownership rate of just under 60% by 1997.
1995	<ul style="list-style-type: none"> • The Government's policy was to help all households have access to adequate and affordable housing. It sought to achieve this goal by: <ul style="list-style-type: none"> (a) providing quality public housing at reasonable rents for those who could not afford any other type of housing and by providing sufficient land to achieve this; (b) encouraging home ownership through the provision of subsidized housing or financial assistance; (c) supplying enough land and facilitating private development to meet the demand for private housing; and (d) monitoring the private housing market and, where necessary, introducing measures to curb speculation and to provide adequate consumer protection • The Government embarked on a review of the LTHS. The review considered what changes in policies would be required to meet forecast demand for public and private housing and would enable the Government to set housing production targets for the period up to April 2006.

Year	Details
1996	<ul style="list-style-type: none"> • The Government's policy was to help all households have access to adequate and affordable housing, and to encourage home ownership in the community. The overall strategy it adopted in seeking to achieve these goals was by: <ol style="list-style-type: none"> (a) providing a sufficient supply of land, together with supporting infrastructure, for public and private housing; (b) creating the conditions to enable the private sector to make the fullest possible contribution towards meeting housing demand; (c) implementing subsidized housing schemes to enable those in the relevant income groups to buy their own homes; (d) providing quality public housing at reasonable rents for those who cannot afford any other type of housing; and (e) monitoring the private housing market and, where necessary, introducing measures to curb speculation.
1997	<ul style="list-style-type: none"> • The Government's housing policy objectives were to reduce the number of inadequately-housed people, to help all households gain access to adequate and affordable housing and to encourage home ownership in the community. • To ensure that its policy objectives could be achieved, the Government would: <ol style="list-style-type: none"> (a) assess housing demand regularly and accurately; (b) provide a sufficient supply of land, together with supporting infrastructure, shorten development procedures and relieve constraints in the construction industry; (c) draw up and maintain a long-term flat production programme and put in place an efficient mechanism for monitoring progress and problem solving; (d) create the conditions to enable the private sector to make the fullest possible contribution towards meeting housing demand, while at the same time monitor the private property market and, if necessary, take measures to prevent drastic fluctuations in flat prices and discourage property speculation; (e) implement subsidized housing schemes to enable those in the relevant income groups to buy their own homes; (f) provide public housing at reasonable rents to those who cannot afford any other type of housing; and (g) implement initiatives to address the housing requirements of groups in special need. • To expedite housing supply, the Steering Committee on Land Supply for Housing, chaired by the Financial Secretary, devised a new accountability system for monitoring flat production and a mechanism for resolving problems affecting housing projects at both central and district levels.

1997 (cont'd)	<ul style="list-style-type: none"> • Three lead departments — the HD, the Lands Department and the Territory Development Department — were charged with the responsibility for taking forward individual housing projects on the Flat Production Control Lists produced and monitored by the Housing Bureau. They monitored the projects through different stages from site delivery to flat completion, and co-ordinated the efforts of the different government departments involved.
1998	<ul style="list-style-type: none"> • The Government promulgated a White Paper on the LTHS, 'Homes for Hong Kong People into the 21st Century', which provided a blue-print for future housing policies. In particular, the Government was fully committed to achieve three key initiatives: <ul style="list-style-type: none"> (a) producing an average of 50 000 flats a year in the public sector, and forming land and building the necessary infrastructure to meet long-term demand for about 35 000 flats a year in the private sector; (b) achieving a home ownership rate of 70% by 2007; and (c) reducing the average waiting time for public rental housing to three years by 2005. • The LTHS Advisory Committee was established to monitor the progress of implementation and to advise the Secretary for Housing on policy issues. • The HA launched the Tenants Purchase Scheme which provided an opportunity for at least 250 000 families living in public rental housing to buy their flats at affordable prices in the following 10 years. • The HA also introduced the Mortgage Subsidy Scheme to assist tenants affected by the Comprehensive Redevelopment Programme to buy HOS flats.
1999	<ul style="list-style-type: none"> • The Government decided in principle to gradually reduce HOS flat production and correspondingly increase loan provision by the HA. • To ensure that its policy objectives could be achieved, the Government would: <ul style="list-style-type: none"> (a) assess housing demand regularly and accurately; (b) provide a sufficient supply of land, together with supporting infrastructure, shorten development procedures and relieve constraints in the construction industry; (c) draw up and maintain a long-term flat production programme and put in place an efficient mechanism for monitoring the progress and solving problems; (d) create conditions to enable the private sector to make the fullest possible contribution towards meeting housing demand, while at the same time monitor the private property market and, if necessary, take measures to prevent drastic fluctuations in flat prices and discourage property speculation;

1999 (cont'd)	<ul style="list-style-type: none"> (e) implement subsidized housing schemes and loan schemes to enable those in the relevant income groups to buy their own homes; (f) provide public housing at reasonable rents to those who cannot afford any other type of housing; and (g) implement initiatives to address the housing requirements of groups in special need. • The Housing Bureau maintained a 13-year flat production potential programme to facilitate the planning and monitoring of housing production. The programme was divided into three parts. The first part comprised the first three years when construction of housing development was under way. The second part comprised the subsequent five years when new sites were being prepared for allocation or sale for housing development. The third part comprised a further five years when new sites for housing development were being identified. • The HD, the Lands Department and the Territory Development Department were responsible for taking forward individual housing projects in the first eight years of the flat production potential programme. The Planning Department took up the responsibility for housing projects in the last five years of the programme.
2000	<ul style="list-style-type: none"> • Substandard piling incidents occurred among HA's buildings.*
2001	<ul style="list-style-type: none"> • The Government announced the suspension of the sale of the HOS flats.*

Remark: * Since the Hong Kong Annual Reports 2001 and 2002 which cover information on years 2000 and 2001 are not yet available, to complete the picture of the development of public housing of the Housing Authority, information on 2000 is extracted from the Hong Kong Housing Authority Annual Report 1999/2000 and that on 2001 is extracted from the Official Record of Proceedings of the Legislative Council dated 17 October 2001.

Sources: Hong Kong Annual Reports, 1966 - 2000
 Hong Kong Housing Authority Annual Report 1999/2000
 Legislative Council, Official Record of Proceedings, 17 October 2001

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