

## **Legislative Council Panel on Housing**

### **Housing Issues**

#### **Purpose**

This paper sets out the housing issues of common concern to the community, and the administration's main areas of work on housing.

2. Members of the community wish to have a happy home and housing currently tops the list of livelihood issues of public concern. The present administration has listed housing as one of its key tasks. We are aware that there are a number of housing issues of general concern to the public which require careful and pragmatic handling.

#### **Demand and supply of public rental housing**

3. The increasing number of public rental housing (PRH) applications in recent years has caused concern among the public. Moreover, there are changes in the profile of Waiting List (WL) applicants, particularly in the increase in the number of PRH applications from singletons and young people. At present, roughly over half of the WL applications are general applications while the rest, amounting to nearly half of the total number, are applications from non-elderly one-person applicants under the Quota and Points System.

4. Apart from looking at the overall application figures, we should have a better understanding of the profile of the WL applicants, in particular the profile of non-elderly one-person applicants. At present, over half of the non-elderly one-person applicants are below the age of 30. According to the findings of the surveys on WL applicants in recent years, the number of non-elderly one-person applicants who are not living alone but with family members or others has gradually increased to nearly 90%. The number of non-elderly one-person applicants with post-secondary or higher education background has also increased to over 30%. Furthermore, 40% of the non-elderly one-person applicants below the age of 30 were students at the time of submitting their PRH applications. We are concerned about the housing needs of young people, and would like to ascertain the reasons for the significant increase in the number of PRH applications from young people and explore ways to help resolve their housing problems in a more effective manner. However, in addressing the housing needs of young people, we have to exercise due regard to ensure the housing needs of other applicants, such as families and the elderly will not be significantly affected.

5. As the circumstances of different categories of PRH applicants vary, the urgency of their housing needs vary as well. With limited PRH resources, we must ensure that PRH flats be allocated in a fair and rational manner. We need to strike a balance among the housing needs of different categories of applicants (including families, the elderly and young people) and to prioritize the allocation of PRH flats in order to help those with genuine and most pressing housing needs. Thus, it is necessary for us to understand in greater detail the applicants' circumstances, particularly that of young applicants. In other words, we consider that it is necessary to carefully examine how the WL reflects the applicants' actual demand for PRH, and to distinguish between prima facie demands from genuine needs.

6. On the other hand, in view of the recent significant increase in the number of PRH applications, and in order to maintain the average waiting time (AWT) of general applicants at about three years, we are conducting a review on the overall demand for and supply of PRH, including the demand from non-elderly one-person applicants. The review would also look into the number of new flats required to be built and would examine the way forward in response to the increasing number of PRH applications, including those from the non-elderly one-person applicants, so as to provide assistance to those with the most pressing housing needs in a more effective way. If necessary, we will adjust the average annual production target of 15 000 flats as set out in our Public Housing Construction Programme for the next five years with a view to maintaining the AWT at around three years.

7. We consider the pressing issues concerning housing are not only about "quantity", but also about "speed". We would adopt a realistic and pragmatic approach to increase the supply of land and to expedite the construction of PRH as far as practicable. According to our past experience, lead time is required for preparatory work before the actual construction of the flats, such as securing housing sites in a timely manner; conducting various technical studies and preliminary planning and design; consulting the relevant DCs and the local communities, seeking planning brief and other planning approvals as necessary, etc. We have continued to improve the construction process by adopting the pre-cast building technology to expedite flat production. Generally speaking, for completion of a 40-storey housing block, we need about one year for foundation works plus two and a half years for superstructure works. The key to prompt delivery of PRH hinges essentially on securing sites which have been properly zoned for residential use, and sites which are resumed, cleared and formed, with adequate provision of infrastructure. In addition, if we can secure the support of District Councils (DCs) and the local communities, it is possible for us to advance the completion of projects in the pipeline. We will continue with our efforts to enhance this aspect of our work.

## **Launching of New Home Ownership Scheme**

8. To address the aspirations of low- and middle-income households for home ownership, the last term of Administration announced the resumption of Home Ownership Scheme (HOS) and launched the preparatory work for the first batch in 2011. The present administration supports the direction of relaunching the HOS, and will strive to implement the New HOS in response to public aspiration for home ownership and in the light of actual needs.

9. The Administration has set a planning objective to provide some 17 000 flats under the New HOS over the four years from 2016/17 onwards. When more sites are identified in future, our target is to provide some 5 000 flats on average per year. However, the actual number of flats to be rolled out will be subject to the prevailing circumstances at the time. We will continue to identify suitable land to ensure sustained implementation of the scheme.

10. As for the progress of the first batch of the New HOS projects, we fully understand the public's aspiration for the early completion of these flats. Hence, we are taking special measures to complete the work that are usually carried out in the first three years, such as technical studies, public consultation, planning brief preparation and design process, within a condensed program of one year. The time for completing the project, which normally would take seven years, is thus shortened to five years. We will actively explore if similar measures could be adopted in other New HOS projects so as to expedite the completion of New HOS flats to meet public's aspiration.

11. On the implementation details of the New HOS, relevant committees of the Housing Authority (HA) have already commenced discussion on the arrangements such as price-setting and calculation of land premium, as well as other implementation details. The HA will continue to discuss the implementation details in accordance with the timetable of the New HOS so as to formulate the program details that best suit the prevailing social circumstances.

## **Land supply for housing**

12. With a view to effectively resolving the housing problems in Hong Kong, especially in the light that the prices of private residential properties remain high at present, we will adopt a balanced approach to increase the supply of public housing on the one hand and maintain the stability of the private market on the other. The key of this approach rests with increasing land supply for public and private housing as appropriate to provide sufficient flats to meet demand. We will reactivate the long-term study on housing and, based on our past experience, formulate a long-term housing strategy. On the housing demand side, we will

conduct a comprehensive assessment of housing demand so as to have a better understanding of the public's demand for different types of housing.

13. On the public housing side, we firmly believe we should take a long-term perspective. We should conduct regular and comprehensive assessments of housing demand and formulate corresponding measures, to meet the growing demand for PRH through improving land planning and increasing supply. As mentioned above, the annual average PRH production of 15 000 units is not a fixed target and we will increase the supply where necessary. We will proactively explore means to increase the land supply for PRH. We will further strengthen the internal coordination within the Government and our liaison with respective DCs and local communities so as to identify suitable sites for PRH development in different parts of the territory. Besides, we will develop PRH projects in accordance with the principles of optimisation of land use, maximization of cost-effectiveness and sustainability. We will also strive to relax plot ratios and building height restrictions without compromising the environment, as well as critically review the redevelopment potential of aged PRH estates for the purpose of increasing the supply of PRH.

14. On the private housing side, we will continue to adopt effective strategies under a multi-pronged approach to open up land resources and actively build up land reserve. This will enable the Government to meet the different demands for housing and land during different times and to resolve the problem at source.

### **Regulation of the sale of first-hand residential properties by legislation**

15. To further enhance the transparency of the sales arrangements and transactions of first-hand residential properties, and to strengthen consumer protection, we submitted in March 2012 the Residential Properties (First-hand Sales) Bill ("the Bill") to the Legislative Council for first reading. With the general support of different sectors of the community, relevant stakeholders, members of the public and Legislative Councillors, the Bill was passed in the third reading of the Legislative Council last month. The Bill stipulates in detail the provisions on the regulation of sales brochures, price lists, show flats, disclosure of transaction information, advertisements, sales arrangements and conveyancing procedures regarding the sales of first-hand residential properties. In addition, the Bill also provides for the prohibition against misrepresentation and the dissemination of false or misleading information, and clearly spells out the levels of penalties for various offences in violation of the Bill. We will set up an enforcement authority under the Transport and Housing Bureau to take charge of monitoring the compliance with the legislation, issuing of guidelines, conducting public education, and hiring an agency to set up an electronic database of first-hand properties. It is our target to have the enforcement authority

commencing its operation within 12 months and the legislation to be effective by then. As circumstances may require, we will seek additional resources at an appropriate time for the setting up of the enforcement authority according to the established resource allocation procedures, including seeking the endorsement from the Panel on Housing, the Establishment Subcommittee, and the Finance Committee of the Legislative Council.

### **Building a housing ladder**

16. We understand that there are different housing needs among the public, and a comprehensive housing ladder can allow members of the community to make their accommodation choices according to their affordability and needs.

17. The existing housing ladder provides housing choices at different levels for people with different affordability. At the start of the ladder, the Government provides PRH for low-income families who cannot afford private rental accommodation to meet their basic housing needs. As to low-to-middle income families with aspiration for home ownership, the Government provides them with different types of subsidized housing schemes, including second-hand flats under the HOS Secondary Market, New HOS flats, and flats under the My Home Purchase Plan (MHPP)<sup>Note</sup> to be implemented by the Hong Kong Housing Society. Each subsidized housing scheme has its own clear target groups. For families with better financial means, the Government will, through steady and adequate land supply in the private property market, enable property developers to build different types of private residential flats at different prices in the light of market demand to meet the public's diverse housing needs.

18. The Chief Executive has set out in his election manifesto his policy on housing, that is, to provide low-income families with PRH and assist the middle class with long-term affordability and home ownership aspiration to buy their own homes, so as to enhance their upward mobility and deepen their sense of belonging. To carry out his platform, we will closely monitor the development of the property market, the macroeconomic environment, and the public's demand for home ownership, and depending on the actual situation, we will explore ways to further enhance our existing housing ladder.

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<sup>Note</sup> The LegCo's Panel on Housing will discuss the MHPP in the meeting to be held on the same day. THB has submitted a paper on the latest development of the MHPP earlier on.

## **Conclusion**

19. We take the views of the community seriously. We will reach out to the districts, get close to the public, and listen to the views of people on housing matters from all walks of life in a humble manner with a view to better responding to their needs. We welcome Members' views on housing issues.

**Transport and Housing Bureau  
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