

立法會
Legislative Council

LC Paper No. CB(1)1437/20-21
(These minutes have been seen
by the Administration)

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Panel on Housing

Minutes of meeting
held on Monday, 7 June 2021, at 2:30 pm
in Conference Room 1 of the Legislative Council Complex

- Members present** : Hon Tommy CHEUNG Yu-yan, GBS, JP (Chairman)
Hon Wilson OR Chong-shing, MH (Deputy Chairman)
Hon Abraham SHEK Lai-him, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Michael TIEN Puk-sun, BBS, JP
Hon CHAN Han-pan, BBS, JP
Hon LEUNG Che-cheung, SBS, MH, JP
Hon Alice MAK Mei-kuen, BBS, JP
Hon KWOK Wai-keung, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon SHIU Ka-fai, JP
Hon YUNG Hoi-yan, JP
Hon CHEUNG Kwok-kwan, JP
Hon LAU Kwok-fan, MH
Dr Hon CHENG Chung-tai
Hon Vincent CHENG Wing-shun, MH, JP
Hon Tony TSE Wai-chuen, BBS, JP
- Member absent** : Hon Mrs Regina IP LAU Suk-ye, GBS, JP

Public Officers attending : Agenda Item IV

Mrs Alice CHEUNG, JP
Deputy Secretary for Transport and Housing (Housing)

Miss Sandra LAM
Assistant Director (Strategy Planning)
Housing Department

The Hong Kong Housing Society

Mr James CHAN
Chief Executive Officer and Executive Director

Mr Eric YEUNG
Director (Development and Marketing)

Ms Pamela LEUNG
Corporate Communications Director

Agenda Item V

Miss Agnes WONG, JP
Permanent Secretary for Transport and Housing (Housing)

Mr Stephen LEUNG
Deputy Director of Housing
(Development & Construction)

Ms Josephine SHU
Assistant Director (Estate Management)2
Housing Department

Ms Portia YIU
Acting Assistant Director (Project)1
Housing Department

Clerk in attendance : Mr Derek LO
Chief Council Secretary (1)5

Staff in attendance : Mr Fred PANG
Senior Council Secretary (1)5

Ms Michelle NIEN
Legislative Assistant (1)5

Ms Michelle LEE
Clerical Assistant (1)5

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I. Confirmation of minutes

(LC Paper No. CB(1)966/20-21 — Minutes of the meeting held on
29 March 2021)

The minutes of the meeting held on 29 March 2021 were confirmed.

II. Information paper issued since last meeting

2. Members noted that the following paper had been issued since last meeting –

LC Paper No. CB(1)878/20-21(01) — Land Registry Statistics for
April 2021 provided by the
Administration (press release)

III. Items for discussion at the next meeting

(LC Paper No. CB(1)962/20-21(01) — List of follow-up actions

LC Paper No. CB(1)962/20-21(02) — List of outstanding items for
discussion)

3. Members agreed to discuss the following items at the next regular meeting scheduled for Monday, 5 July 2021, at 2:30 pm –

- (a) Performance of the environmental targets and initiatives of the Hong Kong Housing Authority ("HA") in 2020-21; and
- (b) New initiative on Full Rent Exemption for Elderly Under-occupation Households in public rental housing ("PRH") estates.

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(Post-meeting note: The notice of meeting and agenda were issued to members vide LC Paper No. CB(1)986/20-21 on 8 June 2021.)

Proposed items for discussion for the remainder of the current session

4. The Chairman advised that having regard to the suggestion of the Administration regarding the proposed discussion items for the remainder of the current session, he proposed that apart from the meeting on 5 July 2021, the Panel would hold one more meeting within the current session, which was scheduled to be held on 6 September 2021 from 2:30 pm to 5:00 pm, to discuss with the Administration the three remaining items in the Panel's list of outstanding items for discussion (LC Paper No. CB(1)962/20-21(02)), namely, Progress of the Total Maintenance Scheme; Measures to facilitate the mobility needs of elderly residents by HA; and Marking Scheme for Estate Management Enforcement in Public Housing Estates of HA. Members raised no objection to the proposed arrangement.

IV. Implementation of the Letting Scheme for Subsidised Sale Developments with Premium Unpaid

(LC Paper No. CB(1)962/20-21(03) — Administration's paper on implementation progress and review results of the Hong Kong Housing Society's Letting Scheme for Subsidised Sale Developments with Premium Unpaid

LC Paper No. CB(1)962/20-21(04) — Paper on Letting Scheme for Subsidised Sale Developments with Premium Unpaid prepared by the Legislative Council Secretariat (background brief))

5. At the invitation of the Chairman, the Chief Executive Officer & Executive Director/Hong Kong Housing Society ("CEO/HS") briefed members on the implementation progress and review results of the Hong Kong Housing Society ("HS")'s Letting Scheme for Subsidised Sale Developments with Premium Unpaid ("the Letting Scheme").

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Response to the scheme

6. Mr Wilson OR commended the efforts of HS and HA in launching and enhancing the Letting Scheme to provide more affordable housing for inadequately housed households. Noting that as at end-April 2021, HS had approved about 500 applications from eligible owners and 360 applications from eligible tenants under the scheme, he enquired about the reason why there were only 64 successful transactions, and the improvements required for the scheme. Director (Development and Marketing)/Hong Kong Housing Society replied that of the owners who had obtained the relevant Owner Certificate and had not rented out their flats under the Letting Scheme, about 30% had received a few or no offer from tenants or still needed to use their flat for self-use, whereas less than 10% considered the monthly rents that the prospective tenants were willing to pay were too low. As regards the tenants whose applications had been approved by HS, about 30% of them had not rented or would not rent a flat under the scheme because their existing tenancies had not yet expired or they had received a PRH offer; about 40% of them had not yet identified a flat suitable for them in terms of the location, size or supporting facilities; and about 30% considered the monthly rents offered by owners participating in the scheme too high.

7. Mr Tony TSE opined that the response to the Letting Scheme was unsatisfactory having regard to the application and transaction figures. He enquired why the applications from tenants for the scheme were less than those from owners. CEO/HS replied that the Letting Scheme provided an option for families in need of improved living environment while waiting for PRH. The geographical mismatch between supply and demand of flats under the scheme was one of the main reasons why some owners and tenants could not enter into a transaction. Director (Development and Marketing)/Hong Kong Housing Society advised that although HS had approved about 500 applications from owners under the Letting Scheme, not all of these owners had made their flats ready for letting. For the tenants whose applications for the scheme had been approved by HS, about 80% wished to rent a flat in Hong Kong Island or Kowloon and only about 20% of them would be willing to accept a rental flat in the New Territories. As regards the flats owned by the about 500 owners, about 70% were in the New Territories, and the remaining 30% were in Hong Kong Island or Kowloon. 70:30 was also the ratio of the flats in the New Territories to those in Hong Kong Island/Kowloon for the 64 successful transactions.

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Cost of implementing the scheme

8. In view of the limited number of successful transactions under the scheme, Mr Tony TSE was concerned about the value for money assessment on the continued implementation of the Letting Scheme. He enquired about the amount of resources engaged in implementing the scheme, and whether using such resources to provide direct subsidy to needy families would be a more effective measure to help them. CEO/HS replied that the HS's work involved in the Letting Scheme was absorbed by its existing manpower and no additional manpower was required. The expense incurred by HS in running the scheme was about \$2 million a year.

Measures to increase participation of the scheme

9. Mr KWOK Wai-keung said that the Administration had been facing challenges for years in increasing new public housing supply in large quantity as a measure to halt the soaring flat prices and rent. Although the number of successful transactions under the Letting Scheme was limited, HS should continue to run the scheme as a short-term measure for providing an option for eligible households who needed an affordable rental unit with improved living environment while waiting for PRH. He opined that HS should enhance owners' understanding on how their participation in the scheme would help needy families resolve their housing difficulties.

10. In view that HS might implement the Letting Scheme on a regular basis, Mr Wilson OR enquired whether there was room to improve the matching between owners and tenants under the scheme, and whether HS would enhance its efforts to foster the promotion of the scheme through the printed and electronic media and introduce more incentives to encourage inadequately housed households to participate in the scheme. He opined that HS should consider how the Letting Scheme could be more market-driven and run more efficiently. In view of the problem of mismatch between demand and supply of flats arising from their geographical locations or rent, Mr KWOK Wai-keung and the Chairman asked whether apart from providing an online platform for owners and tenants to communicate directly, HS would provide more assistance to facilitate matching between them.

11. CEO/HS replied that HS had introduced the enhancement measures for the Letting Scheme with a view to helping more families in need and gaining more recognition for the scheme. Since the implementation of Letting Scheme, tenants of the 64 successful transactions had enjoyed lower rent and/or better living environment. The Coronavirus Disease 2019 pandemic had affected the supply of flats under the scheme and the number of successful transactions.

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HS would step up its publicity efforts to promote the scheme, and would continue to adopt a market-driven approach in implementing the scheme. Among the successful transactions, the owners and tenants in 62 of them were matched via the online platform without the involvement of HS or property agencies. HS would continue to seek the assistance of non-government organizations ("NGOs") such as the Hong Kong Council of Social Service in matching between owners and tenants or making referrals.

12. Deputy Secretary for Transport and Housing ("Housing") ("DS(H)") advised that after the launch of the Cash Allowance Trial Scheme in late June 2021, the economic situation of PRH applicant households who had waited for three years or more might improve after receiving the cash allowance and this might provide an incentive for them to consider renting a flat under the Letting Scheme to improve their living environment. In response to Mr Wilson OR's enquiry on whether the scope of the "Funding Scheme to Support Transitional Housing Projects by NGOs" ("the Funding Scheme") covered the subsidized sale flats ("SSFs") under the Letting Scheme, DS(H) advised that the Letting Scheme allowed an owner to let the entire flat to specified NGOs (the Hong Kong Council of Social Service) for matching and sub-letting to eligible tenants, and these NGOs might apply for funding support under the Funding Scheme for carrying out refurbishment works for the flat.

13. Mr LAU Kwok-fan said that he supported the Letting Scheme which provided affordable rental housing and better living environment for needy families, and understood the need for HS and HA to adopt a prudent approach in running the scheme which involved allowing owners of flats subsidized by public funds to let the flats without payment of premium. As the Letting Scheme had operated for a certain period of time, HS should study why there were more owners than tenants participating in the scheme, and consider relaxing relevant constraints or requirements on the scheme in order to allow for more participation and facilitate matching between the participants. Ir Dr LO Wai-kwok opined that HS should continue to run the Letting Scheme to help needy families improve their living environment. To increase the number of successful cases of matching between owners and tenants, HS needed to step up promotion to encourage applications for the scheme.

14. The Chairman opined that HS should take more effective measures to promote awareness of the Letting Scheme and its benefits to the participants of the scheme. As the cash allowance provided under the Cash Allowance Trial Scheme might help address the mismatch with respect to rent levels of the flats under the Letting Scheme, the Administration/HS should make use of the opportunity brought by the launch of the trial scheme to enhance promotion to encourage more applications for the Letting Scheme.

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15. CEO/HS replied that HS would draw reference from the Cash Allowance Trial Scheme when planning the publicity programme for the Letting Scheme. In response to Mr LAU Kwok-fan's enquiry on whether the scope of the Letting Scheme covered the Tenants Purchase Scheme ("TPS") flats, DS(H) advised that eligible owners of the about 100 000 sold TPS flats were allowed to let their flats to eligible tenants under the Letting Scheme.

16. Mr SHIU Ka-fai enquired about the number of PRH applicants who were eligible tenants under the Letting Scheme, and how the Administration/HS made them aware of the scheme. DS(H) replied that the PRH applicants who were eligible for the Letting Scheme included the about 90 000 to 100 000 general applicants who had waited for PRH for at least three years and the about 40 000 non-elderly one-person applicants under the Quota and Points System who had waited for PRH for at least six years. To promote the Letting Scheme, the Administration/HS had set up dedicated websites, and produced leaflets for publicity.

17. Mr SHIU Ka-fai said that taking into account the long waiting time for PRH, he would support the Administration to formulate legitimate measures to help address the housing difficulties faced by PRH applicants, including the Letting Scheme which allowed owners to let their SSFs with premium unpaid to families waiting for PRH. The Administration/HS should increase the eligible PRH applicants' awareness of the scheme through issuing letters to them and strengthening the publicity and promotion work. CEO/HS replied that HS would liaise with HA to follow up the suggestion of disseminating information of the Letting Scheme to eligible tenants.

Participation of the Hong Kong Housing Authority in the scheme

18. Dr CHENG Chung-tai queried whether there was no need for HS to continue the arrangement for allowing owners to let individual bedroom of their SSFs to tenants under the Letting Scheme given that there were no applications for this letting arrangement. He opined that HA's participation was important to the effectiveness of the Letting Scheme, and enquired whether HA would continue to participate in the scheme in future. Mr LAU Kwok-fan said that the Letting Scheme should continue with the HA's participation. Dr LO Wai-kwok opined that the continuous participation of HA was critical for the effective running of the Letting Scheme, given that the number of subsidized housing units under HA was much more than that under HS and most of the 64 successful transactions involved the supply of HA's SSFs. DS(H) replied that HS would report the implementation progress and review results of the Letting Scheme to the Subsidised Housing Committee of

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HA in late June 2021 for its consideration on whether HA would join the scheme on a regular basis. CEO/HS acknowledged that most of the successful transactions involved the letting of HA's SSFs, and it was desirable for HA to continue to participate in the scheme.

Rent of flats under the scheme

19. Mr SHIU Ka-fai asked whether the Administration/HS had set out requirements/guidelines on the rent of SSFs let under the Letting Scheme. CEO/HS replied in the negative. He advised that it was appropriate for HS to allow flexibility for owners and tenants to agree at the appropriate rent levels. The rents paid by tenants in the 64 successful transactions were within their affordable levels.

20. Ir Dr LO Wai-kwok said that he agreed with the HS's stance as mentioned in the Annex of LC Paper No. CB(1)962/20-21(03) that it was not necessary to impose rent control or provide rent subsidy under the Letting Scheme, so that owners and tenants would be given flexibility to agree at the appropriate rent levels.

21. Mr Tony TSE opined that although setting a rent ceiling under the Letting Scheme might discourage some owners from letting their flats, allowing owners of subsidized housing to let their flats to tenants at market rent might give an impression about subsidizing these owners to make monetary gains from rental returns and did not meet the scheme's objective of helping families in need of affordable rental accommodations. Noting that the monthly rents of the 64 successful transactions ranged from \$500 to \$15,000 and the median was \$8,000, Dr CHENG Chung-tai enquired about the details of the transaction with monthly rent of \$500 and the impact of counting this transaction in arriving at the median. Director (Development and Marketing)/Hong Kong Housing Society replied that of the 64 successful transactions, there were only two transactions with monthly rents above \$12,000, including the one with monthly rent of \$15,000. The monthly rents of 90% of the 64 transactions were below \$10,000. As regards the transaction with monthly rent of \$500, the tenant was a relative of the owner, and they participated in the Letting Scheme in order to regularize the letting. If this transaction was not counted, the monthly rents of more than 80% of the remaining 63 transactions were below \$10,000. Dr CHENG Chung-tai remarked that the Letting Scheme should not cover a transaction between relatives.

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Policy considerations behind the scheme

22. Mr Michael TIEN criticized the ineffectiveness of the Letting Scheme and queried the justifications for allowing owners of subsidized housing with premium unpaid to let their entire flats under the scheme to make monetary gains from rental returns. He said that the Administration should allow acquisition of SSFs for self-use only, and SSF owners should be required or encouraged by incentives to re-sell their SSFs to the Government or relevant authorities if they were living in other housing units. In view that there might be many SSFs which were left vacant and the number of successful transactions under the Letting Scheme was limited, he suggested that if the Administration allowed the continued implementation of the Letting Scheme, it should introduce vacancy tax to encourage owners to let their vacant SSFs to needy families so that the scheme could help facilitate the better use of housing resources. He requested the Administration to consider his views and suggestion.

23. DS(H) replied that while the policy objective of providing SSFs was to provide affordable homes to low- to middle-income families, facilitating the circulation of SSFs had also been one of the key directions of the Government's housing policy. In this regard, it was stated in the Long Term Housing Strategy promulgated in 2014 that it was necessary to make better use of existing SSF resources, either with or without premium unpaid. The Housing Ordinance (Cap. 283) also set out the conditions under which owners might re-sell their flats. In 1997, HA launched the Secondary Market Scheme, under which SSF owners were allowed to sell their flats with premium unpaid to Green Formers at freely negotiated price two years after the first assignment. The Secondary Market Scheme was subsequently open to eligible White Formers under the White Form Secondary Market Scheme, which was regularized in 2017. The Letting Scheme launched in 2018 was an extension of the existing SSF Secondary Market in facilitating circulation of subsidized housing. There was no evidence suggesting that there were currently many SSFs left vacant by owners. As family circumstances might change after having owned an SSF flat for more than 10 years (e.g. grown-up children have moved away), the Letting Scheme could provide an option for such owners to make better use of their SSFs through letting out their flats which could at the same time help alleviate the housing difficulties faced by eligible PRH applicants.

24. The Chairman said that in view of the housing difficulties faced by inadequately housed households, his political affiliation supported the implementation of the Letting Scheme on a regular basis for a limited time period. When the PRH supply was adequate to meet the demand in future, the

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Administration should require SSF owners to pay premium if they wished to let their flats to other families for making monetary gains. He did not subscribe to the suggestion of imposing vacancy tax on newly completed or existing flats, including SSFs. To encourage more eligible owners to participate in the Letting Scheme, HS should enhance publicity on the scheme, introduce appropriate incentives and provide more assistance to facilitate matching between owners and tenants.

Hong Kong Housing Society's provision of transitional housing units

25. Mr Vincent CHENG opined that the supply of residential units under the "T-Home" projects in relevant HS's estates such as Trackside Villas, etc. was limited to about 500 units only, which was much less than the number of transitional housing units developed by NGOs. He asked whether HS which had construction expertise would participate more in constructing transitional housing or provide more short-term housing in its estates in order to help alleviate the keen housing demand of grassroot families.

26. CEO/HS replied that HS had made use of its idle resources in its existing estates such as Yue Kwong Chuen, Chun Seen Mei Chuen and Kwun Tong Garden Estate for implementing its "T-Home" projects to help meet the demand for affordable rental accommodations. The about 500 housing units mentioned by Mr CHENG had so far provided accommodations for about 570 families and some of these families had moved to PRH units. HS would continue to make use of suitable vacant flats in the HS's estates which were pending for redevelopment and would not be demolished within the coming four to five years for providing "T-Home" units. CEO/HS advised that for sites which were suitable for permanent housing, HS would give priority to constructing permanent public housing. As regards transitional housing, HS would continue to assist NGOs in implementing their projects and consider providing such housing when opportunities arose.

27. Mr Vincent CHENG remained of the view that HS should enhance its role in increasing the short-term housing supply in Hong Kong and directly take part in developing transitional housing. In response to his enquiry on the reason why Chun Seen Mei Chuen could provide about 20 "T-Home" units only and whether HS would increase the supply of such units in the estate to at least a few hundreds, CEO/HS advised that HS would continue to make use of more vacant units in Chun Seen Mei Chuen, if available, for providing "T-Home". Nevertheless, in view of the total number of units in the estate and its redevelopment timetable, it might not be practicable to increase the supply of "T-Home" to a few hundreds units in the estate.

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V. Study results of the redevelopment of the Hong Kong Housing Authority's factory estates and clearance arrangements

(LC Paper No. CB(1)958/20-21(01) — Administration's paper on study results of the redevelopment of Hong Kong Housing Authority's factory estates and clearance arrangements

LC Paper No. CB(1)962/20-21(05) — Paper on redevelopment of factory estates under the Hong Kong Housing Authority prepared by the Legislative Council Secretariat (background brief))

28. At the invitation of the Chairman, the Permanent Secretary for Transport and Housing (Housing) ("PS(H)") briefed members of the results of the study on the redevelopment of HA's factory estates ("the study") and the arrangements for the clearance of four factory estates to be redeveloped. With the aid of PowerPoint, Acting Assistant Director (Project)1, Housing Department and Assistant Director (Estate Management)2, Housing Department ("AD(EM)2, HD") elaborated on the details.

(Post-meeting note: Presentation materials (LC Paper No. CB(1)996/20-21(01)) for the item were issued to members on 8 June 2021 in electronic form.)

Supply of public housing at the redevelopment sites

29. Mr Wilson OR said that he supported the redevelopment of HA's factory estates for providing public housing. Noting that the three factory estate sites which were technically feasible for housing development (i.e. Yip On, Sui Fai and Wang Cheong) were capable of producing a total of some 4 200 units only, he opined that HA should study whether more flats could be constructed, such as through increase in building height at these sites. Deputy Director of Housing (Development & Construction) ("DDH(D&C)") replied that HA would continue to review whether more public housing units could be provided at the redevelopment sites taking into account the permitted plot ratios and building height restrictions.

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30. The Chairman opined that HA should determine whether they would obtain the Town Planning Board's support for relaxation of relevant planning restrictions of the factory estate sites for providing more public housing units. He said that more than a decade before, he had suggested that the Government should allow HA to use its cleared factory estate sites to provide public housing, and his political affiliation supported the HA's plan to redevelop the four factory estates for providing public housing.

31. Mr Tony TSE said that he supported the HA's redevelopment of its factory estates for making good use of existing land resources. He suggested that in preparing the rezoning proposals for the redevelopment, the Administration/HA should consider extending the scope of the proposals to cover the land nearby with a view to maximizing the benefits of the redevelopment projects for the community. PS(H) replied that HA would study the potential of extending the scope of the redevelopment proposals and would take into account Mr TSE's suggestion. DDH(D&C) advised that HA was studying the feasibility of permanently closing the section of public road currently separating the two building blocks of Yip On Factory Estate so that the redevelopment project would be carried out at a single and larger site, and hence more public housing units could be provided.

32. Mr KWOK Wai-keung considered it appropriate for the Administration/HA to proactively work out measures, such as the proposed permanent road closure as mentioned by DDH(D&C), to facilitate better use of existing land resources. He and Dr Junius HO expressed concerns on the noise and odour impact from the nearby refuse transfer station on residents of the public housing provided at the Yip On Factory Estate site in future and asked about the assessment of such impact in the HA's study.

33. DDH(D&C) replied that HA would conduct the necessary assessments to support the rezoning of the Yip On Factory Estate site. As the factory estate was bounded by roads and was in close proximity to commercial buildings with fixed noise, HA would include noise mitigation measures in the redevelopment project. The Chairman suggested the Administration/HA to consider building atop the refuse transfer station so that the redevelopment site could be enlarged to provide more public housing units.

34. Mr Vincent CHENG said that he welcomed in principle the redevelopment of the four factory estates which would help increase the supply of public housing in the urban area including Kowloon, and it was important for HA to follow up closely the affected tenants' concerns in relation to the clearance package and arrangements. He enquired how the Administration/HA

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would mitigate the impact of the operations of the Cheung Sha Wan Temporary Wholesale Poultry Market and the Cheung Sha Wan Wholesale Vegetable Market on the future residents of the public housing to be developed at the Wang Cheong Factory Estate site, and whether the Administration would relocate the two wholesale markets to other sites. Mr Vincent CHENG further enquired whether to meet the public aspirations for redeveloping Shek Kip Mei Estate, HA would use part of the public housing units provided at the factory estate site to serve as reception resources for the redevelopment of Shek Kip Mei Estate. DDH(D&C) replied that redeveloping the four factory estates, including Wang Cheong Factory Estate, would enable HA to make use of its existing resources to increase the public housing supply, and HA would implement the initiative as early as possible.

Community/supporting facilities to be provided by the redevelopment

35. Mr Wilson OR requested the Administration to provide information about improving/providing supporting facilities on the periphery of the factory estates proposed to be redeveloped.

(Post-meeting note: The Administration's supplementary information was issued to members vide LC Paper No. CB(1)1074/20-21(01) on 30 June 2021.)

36. Mr Vincent CHENG enquired whether the redevelopment of Wang Cheong Factory Estate would provide social welfare and car-parking facilities for the local community in Cheung Sha Wan and Sham Shui Po. PS(H) replied that following the principle of "single site, multiple uses", HA would take into account the limited size of the redevelopment site and consult relevant government departments about the types of community and other supporting facilities in tandem with the redevelopment. DDH(D&C) advised that in redeveloping the factory estates, including Wang Cheong Factory Estate, HA would, as far as practicable, set aside about 5% of the domestic gross floor area for the provision of social welfare facilities at the redevelopment sites following the Government's policy initiative, and would provide car parking spaces at the upper end of the latest standards stipulated by the Transport Department. According to relevant assessments included in the study, the traffic impact of the redevelopment projects could be addressed with suitable road improvement measures.

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Timeframe of the redevelopment projects

37. Noting that after vacating the factory estates by 2022, it would take about nine to ten years for HA to redevelop the sites and provide public housing, Mr LAU Kwok-fan questioned whether the redevelopment timeframe was unreasonably long given that it should be practicable for HA and relevant government departments to carry out part of the planning and development processes for the redevelopment, such as rezoning, when waiting for the expiry of the 18-month notice period for vacating such factory estates.

38. PS(H) replied that the proposed timeframe for the redevelopment, as mentioned in LC Paper No. CB(1)958/20-21(01), was a conservative estimate. It was based on desktop research and had taken into account the additional lead time that might be required for taking forward relevant statutory planning procedures under the Town Planning Ordinance (Cap. 131) and resolving complicated issues arising from the clearance operations, both were to certain extent outside the control of HA. Moreover, the redevelopment projects required demolition and land decontamination works that would take about two years. HA believed that the redevelopment timeframe might be optimistically shortened by about a year. HA would proceed with the planning process while clearance was underway, and continue to explore opportunities for compressing the redevelopment process wherever practicable.

39. Mr SHIU Ka-fai expressed concern on the long time taken by land and public housing development processes, including the time required to demolish a building. He urged the Administration/HA to adopt more effective measures to expedite the delivery of public housing projects. PS(H) replied that the Administration/HA would expedite the development processes as far as practicable taking into account Mr SHIU's view.

40. Mr KWOK Wai-keung cited the speedy delivery of hospital construction projects in the Mainland as an example, and opined that the Administration/HA should further compress the timeframe of the redevelopment projects at the factory estate sites in order to demonstrate their determination to help address the housing problem in Hong Kong. He considered it necessary for the current- and next-term Governments to address the uncertainties that might cause delays to public housing development projects. PS(H) replied that a longer lead time would inevitably be required to implement a public housing development project which was typically about 40 stories with over 20 flats per storey, and given the need to provide community or supporting facilities at the project site in line with the "single site, multiple use" principle. In general, HA could complete the main concrete structure of a typical floor of a public housing block comprising about 20 flats in six

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working days. HA would continue to explore new approaches with a view to shortening the construction period and without compromising building quality and site safety.

41. The Chairman said that in contrast to the Mainland, the delivery of a public development project in Hong Kong might be delayed by proceedings of judicial review cases. One of the measures that should be adopted by the Administration/HA to expedite the development of public housing was to carry out the development processes in parallel as far as practicable.

42. Mr Wilson OR opined that HA should continue to study ways to compress the redevelopment timeframe. He asked about the impact of the judicial review proceedings on the redevelopment programme of Kwai On Factory Estate. Mr LAU Kwok-fan sought clarification about the scope of the judicial review. DDH(D&C) replied that the judicial review cases were not related to the Kwai On Factory Estate site per se. However, since the draft Kwai Chung Outline Zoning Plans ("OZPs"), which covered the site at Kwai On Factory Estate, were subject to judicial review, the exact timing for rezoning the factory estate site was uncertain. PS(H) advised that HA would keep in view the proceedings of the judicial reviews on the OZPs, and assess the feasibility of shortening the lead time for redeveloping Kwai On Factory Estate. Mr LAU Kwok-fan opined that as the Kwai On Factory Estate site was not the subject of challenge in the judicial reviews, the relevant authorities should not put on hold the rezoning proposal for the site as well as other planning proposals under the OZPs. He suggested that the Administration should review the relevant procedure in the light of this case.

Clearance package and related arrangements

43. Mr Wilson OR opined that HA should deploy more manpower to address the needs and concerns of the tenants affected by the clearance of factory estates. He asked whether Chun Shing Factory Estate and Hoi Tai Factory Estate which would not be redeveloped could accommodate the affected tenants. PS(H) replied that although Chun Shing Factory Estate and Hoi Tai Factory Estate did not have adequate units to accommodate all the tenants in the four factory estates which would be redeveloped, if all affected tenants wished to lease units in the two factory estates, HA believed that some of the tenants affected by the redevelopment might take the opportunity to terminate their business upon the clearance. To encourage the affected tenants/licensees to find suitable factory premises in the private sector or make other plans earlier, apart from drawing reference from its previous clearance packages, HA had also introduced a new incentive to offer an early bird package of \$100,000 per tenancy/licence for the affected tenants/licensees of

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the four factory estates who did not lease units in Chun Shing or Hoi Tai Factory Estates and vacated their premises within nine months from the date of announcement of the clearance. PS(H) advised that there were currently about one million square metres of vacant factory premises in the private sector.

44. Mr SHIU Ka-fai opined that HA might have faced a strong resistance to its clearance plan for the four factory estates if it had been announced in early 2019 when the economy of Hong Kong had not yet been hit by the recent years' acts of serious violence and the Coronavirus Disease 2019 epidemic and the demand for commercial and factory premises was still strong. He said that certain tenants of the affected factory estates remained dissatisfied with the clearance arrangements, and HA should step up efforts in communicating with the affected tenants to enhance their understanding of the clearance package.

45. In view that the overall occupancy rate of HA's factory estates was more than 90%, Mr Michael TIEN enquired about the reason why HA decided to redevelop the four factory estates instead of making use of vacant land sites for increasing the public housing supply. Expressing concern on the impact of the clearance on the existing tenants and their business, he asked about the trades operated by these tenants and whether HA had conducted surveys on the respective number of existing tenants who wished to continue their business in HA's factory estates and in other factory units, and the number of affected tenants who planned to terminate their business upon the clearance. He said that such information would provide reference for him to decide whether to support the redevelopment.

46. PS(H) replied that the core function of HA was to provide public housing instead of managing factory estates. Taking into account the prime location occupied by the factory estates, the development into non-industrial use in the surrounding areas, and overall occupancy rate of HA's factory estates, HA considered it appropriate to redevelop the four factory estates in order to provide more public housing units to meet the keen housing demand, particularly demand in the urban area. As regards the affected tenants, most of them were currently operating light industries, such as machinery, electrical appliances, furniture, printing, etc., and such trades could operate in factory units in the private sector. HA had not conducted the surveys mentioned by Mr TIEN, but believed that some affected tenants might wish to continue their business while some might take the opportunity to terminate their business and retire upon the clearance. PS(H) advised that although HA had the right to terminate tenancies for its factory units by giving three months' notice and the tenants were not legally or contractually entitled to any form of compensation, HA had, in line with established practice, made available clearance package

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and other arrangements to assist affected tenants who wished to continue their business to make their own arrangements in leasing other factory units, and would continue to maintain close liaison with them to address their concerns as far as practicable.

47. Dr Junius HO enquired about the number of units in Yip On Factory Estate, their rent levels and the number of persons who would lose their jobs due to the clearance of the factory estate. PS(H) and AD(EM)2, HD replied that the average rent of the four HA's factory estates to be redeveloped ranged from about \$80 to \$140 per square metre, and there were about 620 tenants in Yip On Factory Estate. As HA did not have information about the number of workers in each factory unit of Yip On Factory Estate and the number of tenants who would terminate their business after the clearance, HA could not assess the number of persons who would become unemployed due to the clearance.

48. Dr Junius HO opined that the clearance of Yip On Factory Estate might affect more than a thousand employees working in the about 620 factory units, and considerable number of them might lose their jobs upon the clearance. In response to his enquiry about the number of public housing units to be provided by the redevelopment of Yip On Factory Estate, PS(H) and DDH(D&C) advised that the redevelopment would provide about 2 000 units.

Policy on providing factory units

49. Mr Tony TSE opined that the occupancy rate of HA's factory estates was much higher than that of private industrial buildings in general, and HA should review its measures for supporting its factory tenants taking into account the need to optimize the use of its remaining two factory estates in future and the supply situation of factory units in the private sector.

50. Mr LAU Kwok-fan enquired whether the decision to redevelop the factory estates with high occupancy rate reflected that HA had no intention to provide factory estates in future. Dr Junius HO opined that the rents of HA's factory units were lower than that of the factory units in the private sector, and expressed concern on whether the redevelopment of the four factory estates for public housing was contradictory to the Government's measures to promote "re-industrialization". Mr SHIU Ka-fai asked about the Government/HA's long term policy regarding the supply of such low-rent factory units, and whether HA would phase out its existing factory estates eventually and would not construct new ones. PS(H) replied that HA would not construct new factory estates and would focus resources on its core function as a provider of public housing. For the remaining two factory estates, due to the substantial

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adverse impact from the surrounding industrial activities, they were not suitable for public housing use and HA had no plan to redevelop the two factory estates at this stage. Besides, they could provide a choice for affected tenants from the four factory estates who wished to continue their business. In the long run, HA would review the way forward for the two factory estates when there were significant improvements in the environment in the nearby areas in future.

VI. Any other business

51. There being no other business, the meeting ended at 4:27 pm

Council Business Division 1
Legislative Council Secretariat
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